Austria Sch. 18	Indonesia Rp 2500	Portugal Esc 80
Bahrain Din 0.650	Italy L 1,700	S. Arabia Rl 6.00
Belgium BFr 38	Japan Y550	Singapore S$ 3.10
Canada C$2.00	Jordan Fils 500	Spain Pts 100
Cyprus C£0.60	Kuwait Fils 500	Sri Lanka Rup 30
Denmark DKr 7.25	Lebanon LL 6.00	Sweden SKr 6.50
Egypt	Luxembourg LFr 38	Switzerland SFr 2.00
Finland Fmk 5.50	Malaysia Ringgit 4.25	Taiwan NT$55
France Fr 6.00	Mexico Pes. 300	Tunisia Din 0.600
Germany DM 2.20	Morocco Dh 6.00	Turkey L 180
Greece Dr 60	Netherlands Fl 2.50	U.A.E. Dh 6.50
Hong Kong HK$ 12	Norway Nkr 8.00	U.S.A. $1.50
India Rup 15	Philippines Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,449

Tuesday October 16 1984

D 8523 B

Social unrest threatens Iceland's economic experiment, Page 17

NEWS SUMMARY

GENERAL

Duarte meets rebel leaders

El Salvador's President José Napoleón Duarte met left-wing guerrilla leaders in the most concerted effort to date to end the country's five-year civil war.

Several thousand peace demonstrators packed the town of La Palma near the Honduran border as President Duarte joined talks with a rebel delegation led by Sr Ferman Cienfuegos.

Roman Catholic church leaders acted as mediators at the meeting. Senior guerrilla leader Joaquin Villalobos was apparently prevented from attending the talks by military operations near his base. Page 18; Background, Page 6

Nobel medicine prize

Niels Jerne of Denmark, Georges Köhler of West Germany and Cesar Milstein of Argentina shared the 1984 Nobel Medicine prize for research into genetic engineering and the immune system.

Rebellion 'crushed'

Iranian government forces claimed to have crushed a rebellion in north-west Iran by autonomy-seeking Kurds.

Plea from Bonn

West Germany stepped up pressure on Romania's president Nicolae Ceausescu to make it easier for ethnic Germans in his country to emigrate to the West. President Ceausescu began a two-day state visit to West Germany yesterday. Page 2

Iceland strike deal

Iceland's public transport workers accepted an 8.3 per cent pay offer and returned to work, breaking rank with striking public-sector unions. Page 18

Craxi's rebuff

Italy's Prime Minister Bettino Craxi rejected opposition parties' calls for resignation of Foreign Minister Giulio Andreotti over alleged links with jailed financier Michele Sindona.

Travel restricted

Israeli forces imposed new travel restrictions at a bridge over the Awali River in southern Lebanon after a spate of guerrilla attacks. Permits will be needed to cross in either direction.

Schoolchildren hurt

Seven Israeli schoolchildren were treated for wounds after a roadside bomb exploded near their bus on the occupied West Bank.

Portugal bombs

Two bombs exploded and three failed to go off outside branches of French Credit Franco Portugais bank and a French insurance company in Portugal. FP-25 guerrilla group claimed responsibility and said the action was in support of French Basques.

Brussels blast

Marxist "Fighting Communist Cells" claimed responsibility for an explosion that wrecked the Belgian Liberal Party centre in Brussels – the fourth bombing by the group this month. No one was hurt.

Taller story

Chinese are growing taller – by 2 cm every 10 years on average – because they are better fed, and that has improved their performances in international sporting events, China Daily reported.

BUSINESS

EEC to cut butter surplus

EEC CONSUMERS will get half-price butter at Christmas and buyers outside the Community will be able to buy old butter at a fifth of the official price in an effort to cut the EEC's 1.25m tonne butter mountain, the European Commission announced.

DOLLAR gained in London to DM 3.141 (DM 3.106), SwFr 2.5775 (SwFr 2.554), Y249.0 (Y247.7) and FFr 9.6325 (FFr 9.52). On Bank of England figures, its trade-weighted index was 144.2 against 143.0. Page 37

STERLING lost ground in London to $1.2085 ($1.2265), DM 3.7925 (DM 3.8175), SwFr 3.1125 (SwFr 3.1325), FFr 11.53 (FFr 11.675) and Y300.75 (Y303.75). Its trade-weighted index was down to 75.9 from 76.6, Page 37

GOLD fell $3 an ounce on the London bullion market to $338.75. In Frankfurt and Zurich the rate was the same. Page 36

WALL STREET: By 3pm the Dow Jones industrial average was 8.84 up at 1,199.54. Section III

LONDON equities edged forward despite sterling's weakness. The FT Industrial Ordinary share index added 5.8 to 881.6. Page 27

TOKYO was firmer with high-technology stocks in demand by foreign investors. The Nikkei-Dow market average added 95.60 to 10,780.18. Page 27

AMSTERDAM stocks reached a record 179.5 on the ANP-CBS general index, a rise of 1.3. Section III

Switzerland withholds bond

SWITZERLAND withdrew a SwFr 250m bond issue planned for later this month because of unsettled conditions in the bond market. Page 38

KUWAIT'S failure to deal with excessive private liquidity after successive oil price increases is to blame for recent financial crises, a conference on Middle East accounting was told. Page 21

EUROPEAN COMMISSION is poised to take the UK to court for failing to impose value-added tax on a range of goods and services. Page 3

POCLAIN, French excavator manufacturer 44 per cent owned by Tenneco of the U.S., suffered increased losses of FFr 184.3m ($19.4m) in the first half of 1984, against FFr 111.6m a year earlier. Page 20

CHASE MANHATTAN bank used the $50m proceeds of a legal settlement to boost loan loss reserves to $738m in its third quarter, when net profits fell 14 per cent to $93m. Page 19

BECHTEL Corporation, the U.S. engineering group, has won a management contract for a $300m oil refinery at Assuit, Egypt, which will have a 50,000-barrels-a-day capacity.

PIONEER Concrete Services, first Australian company to launch a Euro-commercial paper borrowing, says the first tranche of a A$100m (U.S.$83m), issue has been oversubscribed four times. Page 21

UNITED TECHNOLOGIES, the U.S. industrial products group, reported third-quarter net profit of $192.7m ($121m) or $1.48 (94 cents) a share.

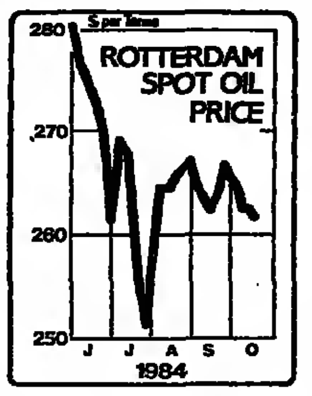
We apologise for an abnormal number of misprints in this edition because of industrial action by members of the National Graphical Association in the London proofreading department.

Norway price cut puts pressure on Britain and Opec

BY DOMINIC LAWSON AND RICHARD JOHNS IN LONDON

NORWAY yesterday announced measures amounting to a unilateral cut in the official price of its North Sea crude oil of about $1.50 a barrel.

The move has put the British National Oil Coporation (BNOC) under strong pressure to cut UK North Sea oil prices, which in turn would put the Organisation of Petroleum Exporting Countries (Opec) under pressure to cut prices or production.



The Norwegian move came as a surprise to senior Opec officials who described Statoil's price reduction as a "serious development."

Statoil, the Norwegian state oil company, said yesterday that the cut in the Ekofisk marker crude would be backdated to October 1 and would be valid until the end of the month. The price would then be set according to spot prices over October. It seems that the new price will be set at about $28.50 a barrel.

Norway had formerly always waited for BNOC to take the lead on North Sea oil prices, Statoil said, but BNOC's refusal to cut official prices while spot market prices had collapsed had forced Norway to take the initiative. It added that Norway had not consulted BNOC before moving.

The British state-owned group refused yesterday to say whether it would cut UK prices, adding that it would be holding a meeting today to consider what action to take. It would be unprecented, however, for UK and Norwegian official oil prices to be out of line.

Statoil and BNOC have faced the same problem of supporting a $30 official price while spot North Sea prices have been consistently no more than $28.50. They have been suffering loss of contract business and have been forced to sell their crude at big losses on spot market.

In the wake of yesterday's development, UK North Sea spot prices fell 10 cents to $28.10 for a barrel of Brent crude.

Opec officials had been reasonably confident that non-member producers had been convinced of the imperative need to keep official selling prices intact over the next two months despite the continuing discrepancy between them and spot rates.

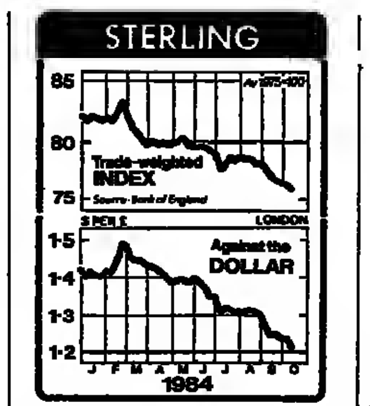
Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, visited most of them, including the UK, as part of a diplomatic campaign decided upon at the last ministerial conference in July. His itinerary did not apparently take in Norway.

Action taken by member states to maintain their output, in particular by concluding barter deals, and especially the demand for their lighter crudes would be considered as amounting to only a minor erosion of the price structure compared with Norway's linkage of prices to spot rates.

Saudi Arabia's change in its export "mix" this month, which involved cutting the share of Arabian Light in any sales contract from 60 per cent to 40 per cent is reckoned

Continued on Page 18

Lex, Page 18; New chief for Britoil, Page 19



Prime cut fails to halt soaring $

By Paul Taylor in New York and Max Wilkinson in London

The dollar continued to soar to record levels yesterday despite a decline in U.S. interest rates which led to a ½ percentage point cut in the prime lending rate.

The cut was made by Bankers Trust, the ninth largest U.S. banking group, to bring its prime rate to 12¾ per cent. That followed a quarter-point reduction last month and was made in response to a sharp decline in U.S. money market rates and bank funding costs. After the announcement, the dollar eased somewhat.

At the close of trading in London, the dollar reached record levels and its rise helped to push sterling down to its lowest overall value since 1976.

Sterling was also depressed by speculative selling because of disappointment over the progress of talks on the miners' strike and by the announcement of lower prices for Norwegian oil.

The Sterling index closed at 75.9 compared with 76.6 at Friday's London close, However, although it was somewhat weaker against the D-Mark the main fall was against the dollar. Overall, the dollar finished in London at its best level ever, with its index at 144.2 compared with 143.0 on Friday.

Some dealers said they thought the continued rise of the dollar was hard to justify in view of the easier trend of U.S. interest rates; others that it represented a belief that the U.S. economy would continue to expand at a fairly rapid pace.

Yesterday's cut in the prime rate by Bankers Trust, followed later by Mitsui Manufacturers, one of the smaller banks, surprised some market economists in New York. They had been expecting a more modest reduction of ¼ per cent.

The fall spurred an immediate rally on Wall Street's equity market, with the Dow Jones Industrisl Average Index eight points higher immediately after the news.

The latest cut brings the prime

Continued on Page 18

Wall Street report, Page 27; Money markets, Page 37

London vetoes Telecom-IBM data network

BY GUY DE JONQUIERES IN LONDON

THE BRITISH Government has rejected a controversial proposal by British Telecom and IBM to launch jointly a sophisticated electronic data network in the UK.

It said yesterday that wide public consultation suggested that "a joint venture at the present stage of development of this market by two such powerful companies would be a significant deterrent to market entry to others."

The government said it recognised the importance of the market the joint venture would have served, however, and was ready to grant BT and IBM separate licences. It would also look favourably on similar proposals by other companies, provided they possessed adequate financial and technical resources.

BT and IBM called the decision, which comes only weeks before BT is due to be privatised, "very disappointing." There was clear demand for the services they had hoped to offer, and the Government's refusal to grant a licence represented "the loss of an important national opportunity for the UK."

Critics of the proposal, who had lobbied vigorously against it, welcomed the outcome. ICL, the largest British-owned computer supplier, said the Government had taken seriously widespread concern expressed by the UK electronics industry.

The decision reflects closely advice from Oftel, the independent regulatory, which warned that the joint venture night be anti-competitive. The decision was taken by Mr Norman Tebbit, the Trade and Industry Secretary, shortly before last week's Brighton bomb attack, in which he was injured.

The BT/IBM proposals, which would have involved investments of several tens of millions of pounds, called for the creation of a joint subsidiary to provide "managed data network services," such as advanced electronic ordering, billing and payments systems.

The services would have been carried on a network of BT telephone lines linking computers belonging to IBM's main UK customers. About half of BT's larger business subscribers are also IBM customers.

The Government emphasised yesterday that it was keen to encourage the development of the network services market and would welcome participation by the UK subsidiaries of foreign-based companies.

It also wanted BT to be able to

Continued on Page 18

Dilemma for Whitehall, Page 12; Editorial comment, Page 16

Italian businessmen on embezzlement charges

BY ALAN FRIEDMAN IN MILAN

TWO leading figures in Italy's financial establishment were arrested yesterday on charges of embezzling L240bn ($125.36m) from state-owned companies.

Sig Fausto Calabria, chairman of the powerful Milan-based Mediobanca merchant banking group, was arrested in Rome along with Sig Sergio de Amicis, former president of Condotte Acqua, the state-controlled construction group.

The two are charged with false financial disclosure, falsified accounts and embezzlement. The charges relate to their time as directors of IRI, the state holding company.

A further 10 prominent businessmen and bankers have received judicial letters warning them they are under investigation.

Electrolux said an Italian Treasury investigation into past currency transactions at Zanussi had introduced a new element of uncertainty into the Swedish group's long-delayed takeover of the Italian white goods manufacturer. Page 18

Among them are Sig Alberto Boyer, chairman of Credito Italiano, Italy's fourth largest bank, and Sig Giuseppe Petrilli, president of IRI from 1960 to 1979.

Several leading bankers and stockbrokers expressed shock yesterday at the arrest of Sig Calabria, whose Mediobanca is Italy's single most powerful merchant banking group.

It was Mediobanca, with its ties to the Agnelli familiy, that helped to complete the takeover last week of the Rizzoli Corriere della Sera publishing group. It was alos Mediobanca that organised the planned takeover by the Swedish Electrolux company of the Zanussi home appliance group.

However, the charges Sig Calabria faces stem from his time as the finance director of the IRI, which he left in 1979.

The specific charge against Sig Calabria and Sig de Amicis, according to judicial officials, is that they participated in a scheme that swindled two IRI-owned motorway construction companies out of L240bn during the 1970s.

Italy's trade balance, Page 3

Coal strike talks collapse in UK

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

THE LATEST ROUND of talks to try to settle Britain's national coal strike broke down last night. The two main mining unions are now preparing to escalate their action to force a crisis.

The National Union of Mineworkers (NUM) will hold an emergency meeting of its national executive today. Mr Arthur Scargill, the NUM president, said the union would call on other trade union leaders for a "stepping up of support for the miners."

Leaders of the pit supervisors' union Nacods will call an emergency executive meeting, probably also today. Nacods has gained an 82.5 per cent vote by its members in favour of strike action and the possibility of calling a strike is likely to be on the meeting's agenda.

A strike by Nacods might close all the pits – about a quarter of the total – that have continued to work during the seven-month NUM dispute.

The breakdown in the talks between the National Coal Board (NCB) and the NUM came a little over two hours after the latest session between the two sides resumed at the London offices of the independent conciliation and advisory service, Acas. There now appears no immediate prospect of further talks.

Mr Ian MacGregor, the NCB Chairman said: "the NUM have not seen their way to agreeing with the proposals from Acas."

He said that the board come "reluctantly" at the suggestion of Nacods. It had been prepared to accept the Acas proposals even though it fell "far short" of the agreement the NCB wanted.

Continued on Page 18

Pechiney returns to profit

BY PAUL BETTS IN PARIS

PECHINEY, the large French state-owned aluminium group, returned to profit in the first half of this year with net earnings of FFr 307.5m ($32.3m) compared with a loss of FFr 684.8m in the corresponding period last year.

The group, which suffered a huge FFr 2.8bn loss in 1982, has been undergoing restructuring since it was nationalised by the French Socialist Government. The group had a net loss of FFr 463m in 1983.

Pechiney said yesterday, however, that it expected lower earnings in the second half of this year because of the recent and sudden downturn in the world aluminium market. The company said second-half results were likely to be "less favourable" than first-half earnings.

Like other big international aluminium producers, Pechiney has reduced its output in response to overcapacity in the market. Last summer it announced a cut of 70,000 tonnes in its European production capacity.

M Georges Besse, Pechiney's chairman, recently acknowledged that his group had been surprised by the speed of the turnround in the aluminium market. "Most specialists believed it would last three years and we had estimated that if the 1983-84 recovery had lasted two years it would have been good," he said.

Despite the current downturn in the market, Pechiney is expected to benefit from the strength of the dollar against the French franc. Pechiney has much of its production operations in the French franc zone, with plants both in France and in Cameroon, which have been making hefty productivity gains as a result of the U.S. currency's strength.

"We have been making 30 per cent productivity gains on the dollar without doing anything; but this cannot last for ever," M Besse said.

The decline in the aluminium market might eventually affect Pechiney's recovery and restructuring efforts. That might lead to a reduction in cash flow to finance new investments at a time when the group has seen its capital endowment allocation from the French Government, its sole shareholder, cut to only FFr 150m this year.

Pechiney's investment programme in France covers two phases. The first, involving spending of about FFr 900m to reconvert the Saint Jean de Maurienne aluminium plant in Savoy, is due to be completed by the end of next year. The second phase involves some FFr 3bn to FFr 4bn in investment to create a second big, volume-efficient plant in France at Noguères, in the south-west of country.

Pechiney has so far not given any firm indications when it plans to start the second phase of its French investment programme. That is also expected to be tied to negotiations with Electricité de France (EdF), the French electric utility, with Pechiney seeking to secure a further large supply of electricity at lower cost.

Pechiney entered into an association with EdF last year when it bought a stake in an unspecified French nuclear power plant to secure 2bn kWh in electricity supplies at better rates.

The company is now seeking to negotiate a similar agreement for another 3bn kWh of annual electricity supplies in France. EdF appears, however, to be dragging its feet because it is faced with demands for lower-cost industrial electricity from other large French companies, including the Elf-Aquitaine oil group, which wants cheaper electricity for its clorine operations.

CONTENTS

David Fishlock assesses the significance of Moscow's agreement to allow inspection of its reactors

Why a little nuclear knowledge is better than nothing

WILL THE world be a safer place when, as it has promised, the Soviet Union allows international inspectors to visit its nuclear-power stations? Moscow is setting great store by the gesture, and the International Atomic Energy Agency is hoping to make its first inspection next summer, on the eve of the review conference for the Non Proliferation Treaty (NPT).

Inspections are made to verify that nuclear materials — plutonium and enriched uranium — are not being diverted from nuclear power into nuclear weapons. Signatories to the NPT accept such inspections so as to maintain mutual confidence in a policy of not spreading nuclear weapons.

Most of the $30m a year the IAEA spends on safeguards goes on investigating those nations almost everyone accepts at least likely to transgress, such as Canada, Japan, Sweden, and EEC countries, and some nations, especially developing countries, see the inspections as a costly charade; an indulgence of the "have" nations, discriminatory against the "have-nots."

At the IAEA's general conference in Vienna last month Dr Munir Khan, chairman of Pakistan's Atomic Energy Commission, accused the agency of expanding its spending on safeguards since 1970 at three times the rate of its spending on nuclear assistance to the developing nations.

Iran, keen to restart a nuclear power programme shelved when the Shah was deposed, asked the conference why "in this agency the great powers persistently attempt to undermine and disregard the opinions and suggestions of the Third World countries." Iran believes that, as the main source of raw materials for developed nations, developing countries should not be fettered in anyway in nuclear trading.

The IAEA's biggest division is devoted to safeguards, with about 200 professional staff. They have two tasks: one involves working through the books of a nuclear facility to check for any discrepancy between the nuclear materials put in and what comes out. The other is to inspect the stocks, so that the inspector can be sure that nothing is going astray.

The division inspected 520 nuclear installations last year, and put 6,600 IAEA seals on reactors and elsewhere to guarantee that no unrecorded access occurred.

Reactors, in which the process of releasing nuclear energy transforms uranium into plutonium, have been the main focus of interest in the first 15 years of IAEA *safeguards*. The inspectors take about 10 man-days per year to inspect each light-water reactor, the commonest kind.

Dr Blix . . . inspection procedures may be useful if arms limitation can be agreed.

Much more troublesome and expensive to inspect are nuclear fuel factories. A fuel fabricating factory, for instance, needs several hundred man-days of inspection a year. A uranium enrichment factory may need as much as 1,000 man-days per year, Mr Petar Tempus, IAEA deputy director in charge of safeguards, estimates.

The factories are less numerous than reactors but have begun to proliferate, partly because of political attempts to strengthen safeguards by withholding supplies of fuel from nations which refused to sign the NPT.

The Soviet offer to open its civil nuclear plants to inspection raises some interesting questions. Like other weapon states, Moscow will volunteer which facilities it is prepared to have the inspectors visit. Only Soviet reactors—they have 40 in operation—not fuel facilities are expected to be volunteered.

Moreover, they will offer only one type of reactor, the Russian pressurised water reactor, developed from its submarine reactor, and scaled up to 1,000 Mw capacity as a standard "commercial" reactor. This type is used in Czechoslovakia and Bulgaria as well.

The other standard reactor is the Soviet-designed RBMK or graphite-moderated reactor. Like graphite-moderated reactors in Britain, France and the U.S., this type can make weapons-grade plutonium. When Mr Tempus asked whether this type would be open to inspection, he was told only that "we do not export this reactor."

He does not expect this type to be volunteered, since he believes it fulfils a dual role of supplying the USSR with both electricity and plutonium for weapons. Leningrad power station has four 1,000 MW reactors of this kind operating.

Does this duality of purpose, and the consequent restrictions, negate any value in inspecting facilities in a weapon state? No, says Dr Hans Blix, IAEA director-general, who sees the Soviet gesture as an act of goodwill and "a very important step" in progress towards universal safeguards. The agency needs all the access it can get to the weapon states because they also represent much of the most advanced nuclear technology, he says.

Dr Blix has another important reason. He believes that techniques developed for verifying civil nuclear situations may also prove acceptable to weapon states should they ever negotiate a partial or complete ban on nuclear weapons. The more familiar everyone is with the techniques, the greater the chance of winning acceptance.

The problem areas for the agency have developed in the past decade since India demonstrated a nuclear explosive capability: those nations known to have an advanced nuclear technology, but which refuse access to facilities they are known to possess.

The prime suspects—despite oft-repeated denials and protestations that inspection would be an unacceptable intrusion into national sovereignty—are Argentina, Brazil, India, Pakistan, Israel and South Africa.

South Africa, for instance, permits inspection of its Safari research reactor, and is negotiating inspection of its new uranium enrichment plant, due onstream by 1987, which will enrich fuel for its Koeberg nuclear station near Capetown. By inspecting this plant, the IAEA will effectively be applying its safeguards regime to all the fuel that goes into and leaves the Koeberg reactors.

But South Africa refuses to allow inspection of the pilot uranium enrichment plant at Valindaba, where the technology has been developed. The IAEA knows that this pilot plant is making highly enriched fuel for Safari, up to 45 per cent enrichment. The U.S. previously supplied this fuel to South Africa until Congress forbade it in 1977. The agency believes that anyone who can make 45 per cent enrichment will have few problems reaching the 90 per cent or so needed for nuclear explosives.

South Africa's case is that inspection will reveal more than it wishes about the technology, not that it is making nuclear weapons. But developing nations used its refusal to permit inspection as a pretext at the IAEA conference for depriving South Africa of IAEA assistance.

By trying to ostracise South Africa, member-nations now court the risk that it will withdraw from the organisation altogether and permit no further inspection under the safeguards regime. This will not help the cause of mutual assurance to which the member-nations of the IAEA are pledged.

Polish Government faces first clash with new unions

BY CHRISTOPHER BOBINSKI IN WARSAW

TALKS ARE expected soon between Poland's new printers' union and the Government in a serious dispute over the industry's future. It is the first of its kind since Solidarity was banned in 1982 and replaced by new unions. These have been boycotted by Solidarity's underground but claim 4.7m members.

The printers, who put their membership at 18,000 or 40 per cent of the industry's workforce, started the dispute last month when they terminated unilaterally their collective wage agreement dating back to 1970.

They say they are concerned about the future of their industry and want to force the Government to assure it of adequate investment for the next five-year plan starting in 1986.

"Wages aren't the most important thing," a union official stressed. "We need new machinery on which we can increase output and earnings."

Some 80 per cent of Poland's printing equipment comes from the West and it has suffered from the squeeze on hard currency which has been in force since 1980. The union, which has drawn up an investment programme with the Culture Ministry, is in effect backing the Ministry in its struggle for government funds. This is the first time one of the new unions has openly played such a role, and it admits that the resistance "is coming from higher up" than the Culture Ministry.

Another stumbling block is the collective wage agreement. The Government wants such agreements to run from 1985 at the earliest and would dearly like talks to start then as well.

The printers could open the door for other unions, like the steelmen and engineers, who are also eager for an early start to negotiations.

The unions and the Government are still arguing about how such agreements should be negotiated—a key issue in Poland's economic reform. Government policy is to decentralise wage bargaining to the factory level on the grounds that this is in line with giving companies greater powers over financial decisions. The unions want direct talks with the relevant ministers over the heads of the companies.

West German chemicals buoyant

BY JOHN DAVIES IN FRANKFURT

THE CHEMICAL industry in West Germany is having another buoyant year but sees signs of the pace of growth slowing down.

Chemical companies, which generally saw a sharp recovery in profits last year, have further *improved their earnings* this year as they have been able to make more use of production capacity.

Professor Heinz-Gerhard Franck, president of the Chemical Industry Association (VCI), said that production in the first nine months of this year was about 7 per cent *higher than* a year ago.

Output would have been almost another 1 per cent ahead but for the recent metalworkers' strike, which unsettled the economy and crippled car assembly, an important market for some plastics.

With the rate of increase slackening, the chemical industry expects output for the whole year to end more than 5 per cent ahead of last year—a stronger performance than in West German industry as a whole and a more sturdy momentum than forecast.

The chemical industry was even more dramatically in the forefront of West German economic recovery last year, when it registered a 7.3 per cent rise in output. With production now back to a high level, company executives tend to see the momentum waning.

Professor Franck said that the industry's sales revenue was running about 12 per cent ahead in the first nine months of this year and should amount to about DM 40bn (£10.8bn) for the whole year, compared with DM 126.8bn (£34.2bn) last year.

He said that export sales were running 18 per cent ahead but sales revenue within West Germany was up a more modest 7 per cent, with demand from the building industry and private households tending to slacken.

Plastics and synthetic fibres, long problem areas for the chemical groups, have returned to favour, with some of the biggest growth rates. But companies have benefited from restructuring measures to reduce plastics capacity and to give more priority to types of synthetic fibres with better market potential.

On the other hand, the fertiliser business has suffered from strong foreign competition. Consumer products have shown little or no growth, while pharmaceuticals have been affected by government-backed moves to put a tight rein on *medical costs*.

Barzel fights back over Flick affair allegations

BY JAMES BUCHAN IN BONN

HERR RAINER BARZEL, *the* speaker of the West German Parliament and former chairman of the Christian Democrats (CDU), went on the offensive yesterday to defend himself against a new set of allegations arising from the so-called "flick affair."

He denied allegations in the Hamburg magazine Der Spiegel, that he had received some DM 1.7m (£460,000) between 1973 and 1979 indirectly from the Friedrich Flick concern *of Dusseldorf*. In July, Count Otto Lambsdorff, the former Economics Minister, was charged with corruption in approving exemptions on capital gains tax for the Flick concern in return for payments of DM 135,000. Count Lambsdorff has denied the charges.

Last week, the parliamentary committee of inquiry investigating the "Flick affair" voted to call Herr Barzel as a witness. He will be asked if he received money from the Flick concern by means of a Frankfurt legal practice and whether this may have influenced government approval *of the tax exemptions*.

Herr Barzel, who was chairman of the Bundestag Economic Committee from 1977 to 1979, said yesterday that he had had no influence whatever on the approval (by the Finance and Economics Ministries) of some DM 800m in tax relief to Flick from 1978 to 1981.

● Herr Barzel (right): demands swift hearing.

Hungarian paper defends campaign against the rich

BY LESLIE COLITT IN BERLIN

OPPONENTS of Hungary's economic reforms claim the economy is being damaged by an official newspaper's campaign against rich people, the newspaper said yesterday.

Magyar Hirlap said the unnamed opponents "fear for their office and influence." They felt threatened by economic activity which relies on greater independence and on democracy.

The author of the article, Mr Andras Banki, said he would "like to be rich" as it was not a question of ideology but one of "practical possibility." A "Mercedes *is* better than a Trabant" (a tiny East German car), he said, adding that Hungary was going through an "anti-rich" mood at a time when the economy was experimenting and opening up a wider area for private initiative. At the same time, he noted, many Hungarians were unable even to maintain their standard of living.

Hungary's Communist leadership, he said, realised that the longer the "lean years" last, the more the population's tolerance may be taxed. In order to prevent feelings against the rich from causing "social turmoil," the party had *set goals of increased democracy* in public life, developing the economic reform, preserving solvency and the standard of living and creating conditions for faster growth.

Mr Banki said that in order to combat economically damaging egalitarianism, Hungarians would have to accept that "he who works better lives better."

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EUROPEAN NEWS

Bonn raises emigration issue with Ceausescu

By Rupert Cornwell in Bonn

BONN yesterday stepped up its pressure on an apparently unyielding President Nicolae Ceausescu of Romania to make it simpler for ethnic Germans in his country to emigrate to the West.

The delicate topic of the 350,000 German speakers in Romania—roughly 1.6 per cent of the total population—was raised shortly after Mr Ceausescu's arrival here on a two-day state visit, during a meeting with President Richard von Weizsäcker, the West German head of state.

However, the Romanian leader has repeated his opposition to tha idea. In his view, Germans, many of whose families had been there 700 years, could not claim to be part of any country but Romania, despite the linguistic differences.

Bonn especially dislikes the widespread practice of under-the-counter payments extracted by middlemen from the families of those seeking to leave.

Last night Mr Ceausescu, who is accompanied by his foreign and foreign trade ministers, held a first round of talks with Chancellor Helmut Kohl.

Both sides are likely to stress their desire to see a reduction of tensions and the number of nuclear weapons in Europe, but have different starting points.

Whereas tha Romanians insist that the first move must come from the U.S., and be matched by a corresponding cut in Soviet missiles deployed against Western Europe, West Germany feels that it is up to Moscow to resume the negotiations broken off last November in Geneva.

But these divergences cannot cloud the relief here that Mr Ceausescu has come at all, after the decisions, dictated by fierce Soviet pressure, of leaders of both East Germany and Bulgaria to call off planned visits of their own.

David Buchan adds: Mr Janos Kadar, Hungary's communist party chief, yesterday opened talks in Paris with President Francois Mitterrand, as part of the Hungarian Government's drive to continue East-West dialogue in the face of some contrary pressure from Moscow.

His two-day visit is also the first to Paris by an East European leader since M Mitterrand came to power three years ago.

UK faces court action over VAT exemptions

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission is poised to take the British Government to court for failing to impose value added tax on a range of goods and services, including commercial and industrial property development, fuel, power, sewerage and water services to industry, newspaper advertisements and animal feeds.

Britain has until early November to reply to the charga that it has illagally exempted those items from VAT, or face action in the European Court.

Imposition of VAT on the goods and services involved could increase costs for a wide range of British industry, but the Commission argues that Britain is out of line with the rest of the European Community, and has therefore been enjoying an unfair competitive advantage.

All the items have been zero-rated for the tax under EEC legislation allowing exemption where goods or services have some social purpose, and where the benefit is directly passed to the final consumer. Now the Commission is arguing that the British Government has stretched the meaning of the law to include too many areas.

If the case is brought, it would be the most substantial to date in defining how far individual member states can go in granting zero-rating.

Apart from commercial and industrial property development, the *list of alleged* infringements includes the provision of water, power, fuel and sewerage services to industrial consumers; animal feeds, live animals sold for eventual food production, and seeds; newspaper advertisements and news agency services; and protective boots and helmets bought by employers for their employees.

The key to a court action will be the definition of when exemption from VAT has a social purpose, and when it can be said to give direct benefit to the consumer. Some 40 per cent of all British output is zero-rated, a far higher level than in any other EEC member states except Ireland.

Max Wilkinson adds: The British Treasury said yesterday that it would contest the Commission's arguments. Under the *terms of the VAT directive of* 1977 countries were allowed to zero-rate some goods and services on social grounds. Treasury ministers believe that Britain's zero-ratings comply with that.

Move to open up telecom market

BY PAUL CHEESERIGHT IN LUXEMBOURG

THE FIRST steps towards widening the European Community market for telecommunications manufacturers were taken yesterday when industry ministers agreed to open national markets for at least 10 per cent of annual orders.

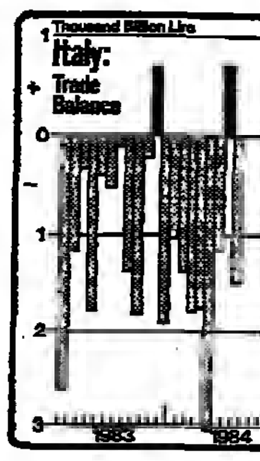
The ministers meetings in Luxembourg were concerned both to take the first faltering steps towards a common market in telecommunications equipment and to offer manufacturers wider opportunities by starting to stick together a fragmented market. Hitherto, most markets in the EEC have been the preserve of national manufacturers. They receive preference over foreign suppliers from the national telecommunications authorities.

However, the scope of the industry ministers move was diminished by the fact that their agreement was couched in the form of a recommendation for an experimental period. Thus, it has no legally binding force in the way that a directive has.

The agreement was reached after objections from four governments were eroded by drafting changes:

- France wanted only EEC companies to be the recipients of orders arising from the recommendation but was placated by a form of words saying that Community companies would benefit.
- Belgium, France and Ireland wanted the recommendation to be applied only to network equipment and not to all equipment and supplies, but were satisfied with the specification that tha matter referred mainly to network equipment.
- The UK wanted the position of British Telecom as a putative private sector company to be taken into account. As ministers moved on to other topics, the British delegation was awaiting instructions on whether it could accept a form of words devised to meet the point.

The opening up of the national markets is part of a wider programme for telecommunications advanced by the European Commission.



Italian trade hope dashed

By Alan Friedman in Milan

ITALY'S TRADE balance took a turn for the worse in August registering a L1,474bn (£630m) deficit and dashing hopes that July's surplus might have *marked a turning point.*

The L11,000bn (£4.7bn) trade deficit for the first eight months of this year has now almost equalled the country's deficit for the whole of last year. It is also some 34 per cent higher than the L8,216bn deficit for January-August 1983.

The key factors contributing to the trade deficit in recent months have been the cost of energy imports and the negative effect of the strong U.S. dollar. In the first eight months Italy bought L91.576bn worth of imported goods, a rise of 19.3 per cent year-on-year. Exports grew at a slower rate of 17.6 per cent to L80,575bn.

Another feature of the deficit is the strong rise in imports of *semi-finished* and metal products. These have grown by 36 and 43 per cent respectively so far this year and point to industrial recovery as most of the goods are used in production.

Launch of French TV satellite postponed

BY DAVID MARSH IN PARIS

FRANCE HAS been forced to postpone the launch of its trouble-hit first direct television broadcasting satellite, TDF-1, because of technical difficulties with amplifying equipment being built for the spacecraft.

Telediffusion de France, the satellite TV group, said yesterday the launch, up to now planned for November 1985, could not take place before the *third quarter 1986, but denied* reports that it would have to be postponed until 1987.

The difficulties, concerning high-powered amplication tubes manufactured by the state electronics group Thomson, amount to another setback for a project which has already experienced its share of problems.

The Government still has not decided whether to go ahead with building a second satellite, TDF-2, needed to make the system operational, partly because of doubts about whether a heavy or medium-sized satellite would be best suited for the purpose.

M Jacques Delors, president-elect of the European Commission and former French Finance Minister, had talks in London yesterday with Prime Minister Margaret Thatcher, and Sir Geoffrey Howe, tho Foreign Secretary, during what was described as an "exploratory visit," writes Robert Mauthner.

TDF-1 is being manufactured by a Franco-German grouping headed by Aerospatiale and Messerschmitt - Boelkow-Blohm. A similar satellite, TV-Sat, being built for West Germany, *has up to now been planned to* be launched in September 1985.

The extra delay is bound to add to the controversy over whether France and Germany have made the right technical *choice* in opting for heavy broadcasting satellites capable of sending signals to small roof-top antennae mounted on homes.

Barre slams budget plans

BY DAVID HOUSEGO IN PARIS

M RAYMOND BARRE, tha former French Prime Minister, launched a stinging attack yesterday on the Government's budget proposals for 1985 to coincide with the opening of the debate on the budget in the National Assembly.

In an article in Le Monde, M Barre poured cold water on President Mitterrand's much publicised cut in taxes next year. He said that the reduction in *personal* and corporate taxes—much smaller in his eyes than the 1 per cent of GNP claimed by President Mitterrand—would have to be paid for through a higher budget deficit and hence through more inflation.

"Even if the rise in consumer prices seems moderate," he said, "the Government has not conquered inflation. It has disguised it for the time being thanks to wage and price controls."

M Barre said that the budget deficit next year would be well above the FFr 139.8bn (£12bn) claimad by the Government. Next year's deficit would come on top, he said, of a FFr 160bn deficit this year (equivalent to 3.7 per cent of GNP) and thus significantly higher than official forecasts.

Renault and unions open talks on job losses

By Paul Betts in Paris

RENAULT, the French state-owned motor group, yesterday started an important round of negotiations with the unions on a long-term restructuring and job reduction programme, tho aim of which is to cut losses and boost productivity significantly.

Although Renault has said it intends to avoid compulsory redundancies, M Bernard Hanon, the chairman, warned that redundancies were possible if employees refused to accept the principle of job mobility.

Before the start of yesterday's *talks, M Hanon* said on radio that Renault was not Father Christmas. This was a reference to his announcement at the beginnnig of this month that the company would adopt a conciliatory approach to its job reduction problem

Renault expects to reduce the workforce of its French car division by 4,000-5,000 employees next year through early retirements and other voluntary means. But to achieve the necessary annual productivity gains of 7 per cent to remain competitive, the group is also seeking an extra 10,000 job cuts

The negotiations are expected to centre on company efforts to gain broader acceptance of mobility both in terms of jobs and geography.

French workers have shown reluctance to accept job mobility. M Jacques Calvet, chairman of the Peugeot private car group which recently made large-scale redundancies, said last week that mobility was a real problem for industry

The long-awaited report, requested by the Government, on the state of the industry by M Francois Dalle, the head of the L'Oreal cosmetics group, is due to be published soon. It is believed to say that up to 70,000 job cuts will be necessary by the end of 1987.

The start of the Renault negotiations also coincided with another set of poor French car registration figures last month. Provisional statistics showed a 19.9 per cent decline compared with September 1983.

The domestic car market has suffered a 12.9 per cent declino in registrations in the first nine months of this year. Moreover, foreign manufacturers have seen their share of the domestic market increase to 35.8 per cent in the first nino months.

Italy's World Cup football victory marred by a late cry of 'foul'

BY JAMES BUXTON IN ROME

A MAGISTRATE in Rome has started to investigate one of the most glorious and hallowed events in recent Italian history—the victory of the national football team in the 1982 World Cup.

Sig Francesco Nitto Palma is examining allegations that the *powerful* Cameroon national team was bribed to reach a draw with Italy in the qualifying rounds of the competition which was played in Spain.

Cameroon and Italy reached a 1—1 draw, a result just good enough to allow the Italian national team, which had until then put up a lacklustre performance, to go *through to the quarter finals.* There, Italy won a sensational victory over Brazil. In the final, the Italian team beat West Germany and triggered a festival of national rejoicing.

The first suggestion that the draw with Cameroon might not have been completely above board surfaced in the Italian Press a few *weeks ago.* Two *journalists* reported that representatives of the Italian team paid the Cameroon players L150m (£64,000 each) not to win.

The allegations were instantly and furiously denied by the Italian manager, Sig Enzo Bearzot. *Perhaps* more tellingly, they were also denied by the two principal sources of the allegation, a Cameroon *secret service agent, who in*itially investigated the affair, and an Italian businessman, who is said to have acted as a go-between.

However, an Italian Member of Parliament was bold enough to make an official denunciation of the alleged bribery and it is this that Sig Palma is to investigate. He is expected to interrogate the *main witnesses in the affair* and to carry out interviews abroad.

Most people have expressed considerable scepticism about the claim, questioning for example why, if bribery was involved, the Italians did not pay for a victory rather than a draw. But those who remember the match have confessed to being surprised that the Cameroon team never seemed to press home its attack.

Gandhi expected to call general election for turn of the year

BY JOHN ELLIOTT IN NEW DELHI

ALL INDIA'S *major political* parties have started detailed preparations for the country's coming general election, which Prime Minister Indira Gandhi is now expected to call for the turn of the year.

Pre-election fever is already beginning to grip the nation. Government activity is slowing and Mrs Gandhi's tour of the country is being regarded as the informal start of her own campaign.

She now seems most likely to choose a date for the first 10 days of January, or possibly even for the final days of December, for the Lok Sabha, India's Lower House.

Her Congress I party completed at the weekend a three-day series of pre-election conferences embracing all of its regional leaders and merger talks are continuing between the two key opposition parties, Janata and Lok Dal.

Congress I is expected to win sufficient support in the election to remain in power. The party is split in many states with rival personalities and local factions, but Mrs Gandhi's personal appeal is strong, especially in rural areas where most of India's 700m population live. There is no other significant leader nationally and the opposition parties are in disarray, despite attempts to come together.

Speculation has built up during the past year that Mrs Gandhi may be so concerned about the prospect of not winning outright power that she will delay the election for six months or more. She could do this by summoning the Lok Sabha, which is now in recess, and dissolving it. That would give her a six-month interregnum before she need hold an election.

Alternatively she could change the constitution to allow for longer than the existing five-year maximum period between elections. Another option would be to change the constitution so she could become an elected executive President.

On balance, however, she seems likely to go for an election "on schedule," as she has been constantly promising for the past year. This means a turn-of-the-year election to enable a new Lok Sabha to sit by January 20, five years after the existing sessions began.

One of the main themes of her election campaign will be an alleged threat to the unity of India posed by external forces — including border clashes with neighbouring Pakistan—and by internal dissension.

Mrs Indira Gandhi . . . expected to remain in power.

Last week, addressing an army audience, Mrs Gandhi indicated her approach by declaring that: "War clouds are looming large on the country's horizon and there is talk of war in the air."

Mr Rajiv Gandhi, Mrs Gandhi's son and potential heir, is playing a major role in the organisation of the Congress I campaign and has presided over the weekend conferences, at which nearly 30 party leaders from around the country were interviewed by him or his aides.

This is introducing a new degree of formal and analytical organisation into an Indian election campaign. But Mr Gandhi's image has suffered recently, especially because be has caught some of the blame for the upset in the southern state of Andhra Pradesh, where an abortive attempt was made two months ego by local politicians backed by Congress I to unseat Mr N. T. R. Rama Rao, the chief minister.

That episode has cost Congress I considerable support in the south. It has made it even more important for Congress I to try to make gains in the north, where party leaders hope that tho Andhra failure will be more than compensated by Mrs Gandhi's firm handling during the summer unrest in the northern states of Punjah and Kashmir.

South Africa hits out at the UK's visiting MP

By Anthony Robinson in Durban

MR DONALD ANDERSON the visiting UK Labour MP, yesterday found himself the target of strong criticism from Mr Pik Botha, the South African Foreign Minister. Mr Anderson continued his fact-finding trip with a visit to Pietermaritzburg jail for talks with the three anti apartheid activists rearrested 10 days ago as they left the British consulate in Durban.

Mr Anderson, who had strongly criticised South Africa's detention without trial laws on arrival and who is meeting various anti apartheid groups during his trip, was rebuked by Mr Botha for his "emotional outburst." He was asked to reflect on whether any other country in Africa would allow a foreigner to visit detainees and then make critical remarks about the government in public and was reminded that Britain had applied similar security laws to deal with the Irish Republican Army.

Commenting on Mr Botha's remarks prior to meeting white and black church leaders in Durban, Mr Anderson said he was sure he would be able to visit detainees in other African countries.

Mr Anderson said he also found it "both absurd and worrying" that Mr Botha should attempt to compare temporary emergency legislation designed to deal with the IRA, which he said was committed to terrorism, with legislation affecting bodies like the United Democratic Front, which he described as a non violent organisation dedicated to peaceful change.

The sharp words between the two men reflect the intense irritation of the South African Government at Mr Anderson's visit, undertaken at the behest of Mr Neil Kinnock, the UK Opposition leader. Further evidence of the unpopularity of Mr Anderson's visit in some circles came with threats of violence against him during his stay.

Mr Anderson has had both police protection and protection by UDF activists during his visit to the British consulate and the prison. Mr Anderson was due to visit the three men in the British consulate for the second time last night, before addressing an anti apartheid rally.

David Lennon assesses the results of the Israeli premier's visit to Washington

Peres wins a much-needed breathing space

MR SHIMON PERES, the Israeli Prime Minister, returned from his visit to Washington with a series of undertakings which should buy a much-needed breathing space for Israel's *troubled economy.*

Essentially the Reagan Administration eased Israel's immediate foreign currency reserves crisis, but it made clear to the premier that he must move rapidly to tackle the country's economic woes, most especially soaring inflation.

The premier's main achievements are the immediate transfer of the 1985 aid grant of $1.2bn (£1bn), a postponement of all Israeli debt repayments to the U.S. Government for the next few months and President Reagan's promise of U.S. assistance if Israel's current account deficit becomes totally unsustainable.

Cabinet Ministers appeared very pleased with the premier's achievements. Some senior officials in the economic *ministries were less certain that the time bought by the premier would help Israel avoid a deep crisis, especially as the rate of inflation appeared to be doubling to 800 per cent.*

The new premier did not win an immediate increase in the total of U.S. economic aid for 1985. However, the Administration will apparently ask Congress, when it reconvenes next year, to cancel the repayment of about $500m. This is the portion of the debt covered by the period of the moratorium.

But this is a double-edged sword because, while saving Israel's depleted foreign *currency reserves from further depletion*, it does little to ease doubts among international bankers about the country's credit worthiness.

All smiles in Washington: Prime Minister Shimon Peres (right) with U.S. Secretary of State George Shultz on the Israeli leader's arrival a week ago.

Mr Peres appears to have scored a mixed success over his request for U.S. assistance on mediating with Syria and Lebanon over the conditions for an early withdrawal of Israeli troops.

President Reagan said the U.S. "stands ready to help," but made it clear that the Administration will not become involved in a new mediation effort unless it is assured that all parties are seriously committed to finding a solution.

Mr Peres said he believed Mr Caspar Weinberger, Secretary of Defence, was due in Israel last night to discuss military support for Israel. Mr Weinberger, who said before leaving Cairo yesterday that he knew of no Israeli timetable for a withdrawal from Lebanon, is expected to discuss in concrete terms all the issues raised.

The premier said in Washington that he had laid out proposals before the Americans concerning the equipment needed by the Israeli armed forces in the coming four years. Mr Peres said he believed "we shall have some indication of the possibilities of the supply of the equipment when the secretary comes to Israel."

Israel is essentially seeking the most advanced models of various weapons in order to offset the less advanced American equipment being supplied to some Arab states.

Mr Weinberger will also visit the Israeli aircraft industries plant where the Lavi warplane is under development. He will be pressed to approve more funds for this project which has run into design difficulties.

President Hafez Assad of Syria arrived in the Soviet Union yesterday for talks intended "to counter American expansionist moves in the Middle East," according to the government-controlled media in Damascus, Louis Fares writes from Damascus.

The newspapers said that President Assad's visit was likely to last for three days. It was the first official trip which Mr Assad had paid to Moscow since the funeral of President Brezhnev in 1982.

Mr Assad, who signed a 20-year treaty of friendship and co-operation with Moscow in October 1980, was reported by the Arab press to have made two secret trips to the Soviet capital, but these were never confirmed nor denied.

The newspaper of Syria's ruling Socialist Ba'ath party said the new visit "has a special importance because it comes amid extraordinary circumstances and signs of a big conspiracy being concocted by the U.S. and Israel."

Syrian officials have charged that Jordan's recent resumption of diplomatic relations with Egypt was part of a U.S.-blessed scheme to blend the two countries in an alliance with Iraq to isolate Syria from the rest of the Arab world.

Japan and N. Korea sign fisheries pact

BY JUREK MARTIN IN TOKYO

JAPAN and North Korea have signed a new commercial fisheries agreement, according to reports reaching Tokyo from Pyongyang.

Terms of the agreement were not immediately available, but *they are believed to be along the lines of a previous arrangement which expired two years ago.* This allowed, inter alia, a number of Japanese fishermen to operate in North Korean territorial water in the Japan Sea.

The accord was signed and negotiated for Japan by a parliamentary body, not by the Government, which has no diplomatic relations with North Korea and which has for the last year barred official level contacts between the two sides.

Japan has hinted, however, that the fisheries agreement could lead to the lifting of these diplomatic sanctions, put into effect in protest against North Korea's presumed complicity in the Rangoon bomb outrage a year ago which decimated a visiting South Korea delegation.

Japan's burgeoning ties with South Korea probably preclude any instant rapport with the north. However, the speed with which the fisheries agreement was concluded is seen here as an indication of North Korea's new openness.

At a bilateral level it may be followed, with or without the lifting of sanctions, by a visit to Tokyo by North Korea politicians in return for that paid to Pyongyang last month by the head of the Japanese Socialist Party.

Philippine peso value drops by 7.5%

By Emilia Tagaza in Manila

THE Philippine peso's guiding rate dropped substantially in yesterday's interbank dollar trading, the first trading session held under a freely floating rate system. The exchange rate moved down 7.5 per cent to 19.95 pesos against the dollar, from last week's guiding rate of 18.45 pesos.

Interbank dollar trading, which was suspended in October last year after the Government declared a moratorium on foreign debt payments, was resumed two weeks ago.

Foreign exchange controls are now the only remaining stumbling blocks to the SDR 615m standby credit requested by the Government from the International Monetary Fund (IMF). The Government has submitted its letter of intent to the IMF but Philippine negotiators must first finish talks with commercial creditors.

Tokyo statesmen begin selection of party president

BY OUR TOKYO STAFF

FOUR OF the five living former prime ministers of Japan will put their heads together today to determine how the ruling Liberal Democratic Party should choose its next president over the weeks ahead.

The meeting between Nobusuke Kishi, Takeo Fukuda, Takeo Miki and Zenko Suzuki, who are to be joined by three other elders, is important in that it may set the mood for the upcoming bargaining between LDP factions prior to the formal declaration of candidacies on October 29.

If, for example, the senior statesmen agree that the party should select a new leader by the process of deliberations rather than an open primary, then that will probably seal the already likely demise of the primary; if they do not, then the reverse may be true.

Conspicuous by his absence will be the other living ex-prime minister, Mr Kakuei Tanaka, whose real political clout is at least the equal of the other four combined. Mr Tanaka's name, nevertheless, will loom large in the discussions.

Mr Miki, the "mister clean" of modern Japanese politics and a key player in Mr Tanaka's downfall 10 years ago, is expected to demand that Mr Yasuhiro Nakasone, the heavily favoured incumbent, live up to his pledge of last winter and eliminate all traces of Mr Tanaka's influence.

AMERICAN NEWS

Brazil's presidential hope stresses change from military rule

BY ANDREW WHITLEY IN MANAUS

THE CURRENT favourite to become the first civilian president of Brazil for 21 years was on the hustings, in Manaus over the weekend.

Sr Tancredo Neves, the slight, 74-year-old political veteran of nearly 40 years standing, looks and acts more like the small town lawyer he once was than the Great White Hope of 130m Brazilian people.

That, bowever, is what he has become. The official candidate, Sr Paulo Maluf – his only rival – is broadly disliked by the Brazilian public; not only for bimself, but also because he represents continuity of the military regime under a different guise.


Sr Tancredo Neves: favourite

Sr Tancredo by contrast means change, as his followers' banners and tee-shirts stress over and over again. And change is what the people of Manaus, a dilapidated, former rubber capital on the Rio Negro, say they want next March when General João Figueiredo retires. So they cheered him as he drove through the streets in e 1954 vintage Ford Thunderbird.

The curious feature of this election race is that, in theory at least, Brazilian public opinion should not sway the result, as the victor will be decided by a 686-member electoral college, not by popular vote.

The outcome in the electoral college has been made much more open by the break-up of the official PDS party supporting Sr Maluf.

However, all is not what it seems in Brazil.

The opposition Tancredo camp know that their best chance of confirming the advantage private polls tell them they hold is to build up a crescendo of support around the country; a tidal wave which it would take a brave electoral college delegate to oppose.

Hence the strategy of staging rallies and media events all over Brazil. They create the impression that the bandwagon is growing – and strike fear into the hearts of the rival "Malufistas."

To aid the cause a group of 15 foreign correspondents based in Rio de Janeiro was flow up to Manaus – the equivalent of flying from London to Beirut – for the weekend, all expenses paid.

The ostensible purpose was to witness a meeting between Sr Tancredo Neves and an old friend from his native Minas Gerais, a distinguished man of letters who has spent the past eight years sailing up and down the Amazon in his floating home, observing Amazonian life and law.

The distinguished novelist, charming though he was and perfect in the part – what with his ill-kempt white beard, shaggy hair and shirt tails flapping – turned out to be an old rogue.

As he candidly admitted, he was in no great hurry to write his next masterpiece being perfectly content to continue leading what he described as his "vagabundo" lifestyle.

His boat, temporarily moored to those rotting quayside at Manaus, 1,300 miles from the open sea, provided an ideal platform for the presidential candidate and his travelling entourage of politicians, television celebrities and popular musicians.

Sr Tancredo Neves has been under pressure lately to define exactly what he stands for and how he would reconcile the conflicting currents supporting him. These range from orthodox communists to bank presidents and wealthy landowners.

Wily politician that he is he keeps dodging the issues, not wanting to put any weapons in the hands of Paulo Maluf. A projected image of confidence and reliability is regarded by Sr Tancredo's strategists as more important.

GM deal ratified by UAW

RANK AND FILE members of the United Auto Workers have ratified a three-year labour contract with General Motors Corporation, the world's number one motor manufacturer. The UAW said late on Sunday night that 57 per cent of its members employed by GM voted to approve the agreement.

The same union reached a tentative settlement with Ford Motor Company, the second biggest U.C. motor group, on a threa year wages contract on Sunday.

The UAW said 138,410 GM morkers voted to accept and 102,528 to reject a pact reached last month to end a six-day series of selective strikes against GM.

The contract contains a job security fund of up to $1bn to protect workers with at least one year of seniority from losing their jobs due to new technology or production shifts.

The package includes wage increases averaging 2.25 per cent the first year and equivalent lump-sum payments to workers in each of the two succeeding years.

The UAW bas said a typical worker would realise wage gains of more than $8,700 over the three years.

The pact's profit-sharing scheme could add another $3,000 over the three years

The Ford agreement, covering 115,000 hourly workers in the U.S., is similar to the GM pact and was struck during a 24-hour bargaining session that ended Sunday morning at Ford headquarters.

In Toronto, UAW Canadian Director Robert White said yesterday that the Canadian section of the UAW and General Motors of Canada remain far apart on negotiations to avert a strike tomorrow.

Reagan 'keen to debate Lebanon'

TUSCALOOSA, Alabama – President Ronald Reagan said yesterday that he could "hardly wait" to debate his policy in Lebanon with Mr Walter Mondale, the Democratic Party challenger.

Mr Reagan made the comment to reporters, when he arrived in Alabama

Mr Mondale has said that he plans to question the President on U.S. policy in Lebanon when the two men debate for the second time next Sunday in Kansas City, Missouri. AP

War-torn nation inspired by President's initiative towards rebels

Salvador waits in hope for peace

BY DAVID GARDNER IN LA PALMA

LA PALMA is a dusty frontier town, framed by pine forests, in the Northern Salvadorean hills overlooking Honduras. It is potboled by neglect and pockmarked by battles but it is in no doubt where it stands.

"We want peace," "we want a sincere dialogue," proclaim the banners and flyposters that festoon the town. h8Tceslloh festoon the town. The local Christian Democ't mayor—who has managed to coexist with the guerrillas who have held La Palma for the past 18 months—is backing her party leader with her own series of posters, saying "With Duarte, we get peace."

La Palma was thrust to the centre of Central American conciliation attempts last week when President Jose Napoleon Duarte made his surprise offer at the United Nations to meet insurgent leaders there for talks. La Palma now describes itself, with tenacious optimism, as "the cradle of peace."

The talks on ending five years of carnage which have cost over 50,000 lives were due to start yesterday. On Sunday the insurgents' political leadership arrived in El Salvador from exile in Panama, flown in by the Colombian air force. Escorted by French, Swiss and Colombian diplomats in a chaotic motorcade made up of the international Red Cross, and the U.S. TV networks, they completed e high-speed journey across country to La Palma without incident.

ONE OF El Salvador's top guerrilla commanders failed to appear at the peace talks with President Duarte.

Sr Joaquin Villalobos, the most senior insurgent leader, said over guerrilla Radio Venceremos he regretted he could not attend the conference. Logistical problems appear to have prevented his arrival.

President Duarte said that Sr Villalobos had been "blocked" at the River Torala in the eastern province of Morazan, presumably because of military operations in the area. He said Sr Villalobos's request for helicopter transport could not be met.

Dr Guillermo Ungo, the Social Democrat leader of the rebels' Revolutionary Front (FDR), and Sr Ruben Zamora, the FDR's most gifted polemicist, and the man who splitthe Christian Democrats when the death squads took control of El Salvador in 1980, arrived with the confidence of men who have the backing of one of the most powerful guerrilla armies in Latin America.

President Duarte, at the head of a delegation including his closest political advisers and Gen Eugenio Vides Casanova, the Defence Minister, set out just after dawn yesterday to meet the most proscribed men in El Salvador, a meeting on which the hopes of the nation depend.

Security arrangements in La Palma are the responsibility of El Salvador's Boy Scouts, for 10 years led by Sr Duarte before he was president. Thousands of Salvadoreans were yesterday heading for La Palma to witness the meeting.

The route taken by both factions covers a rough cross section of the country. On the Government-controlled side of the Lempa River system—which roughly divides the rebel East and North from the army-held Centre, South and West, troops are relaxed almost to the point of indolence.

They can be seen swimming in the rivers and playing with yo-yos—in the latest, perhaps therapeutic, craze to sweep El Salvador. They freely express their own hopes for peace.

In the rebel-dominated Chalatenango, area in which lies La Palma, the message is no less clear. The number of white flags flown from houses to try to ward off air force bombardment has been multiplied 10 or 20 times in an appeal for peace.

In the shadow of Guazapa volcano, one of the most fiercely contested and heavily bombarded guerrilla areas just north of the capital, a sign across the road spells it out: "Please, give us peace."

Both sides appeared yesterday to be aware of how much hung on the outcome of the meeting. Sr Duarte had rejected outside mediators, saying this was a "national Salvadorean problem," and Sr Zamora had appealed to the U.S. to "leave us alone to solve our own problems."

While Sr Duarte has insisted that he is only going to discuss the insurgents' future participation in elections, the guerrillas have played down their demands for a share in power, stressing that what is now at stake is the opening of a dialogue, and that everything else is subject to subsequent negotiation.

An independent observer of the war put it like this: "If either side saw a margin for manoeuvre in these talks, they've already been outflanked; the desire for peace is powerful."

U.S. Treasury 'plans to borrow heavily'

BY STEWART FLEMING IN WASHINGTON

The U.S. Treasury is expected to borrow some $42.3bn over the next four weeks – its heaviest fund-raising programme ever in so short a time according to Treasury officials, and one which will test the strength of the recent rally in the U.S. credit markets.

Late last week, Congress cleared the way for the Treasury borrowing when after several weeks of political skirmishing it approved an increase of almost $250bn in the ceiling on outstanding federal debt. The move will mean that the Treasury will be free of political hassles in Congress over the debt ceiling throughout the whole of the current fiscal year which ends on September 30, 1985.

The Treasury will have to continue to borrow heavily, to cover budget deficits which are expected to be about $190bn in fiscal year 1985.

The Treasury is starting its massive borrowing programme today with sales of $5.5bn of seven-year notes. Tomorrow it will sell $8.8bn of two-year notes.

Wall Street report, Page 27; U.S. Prices, Pages 28-30;

Acid rain at top of agenda as Shultz visits Canada

U.S. Secretary of State George Sbultz was due to travel to Canada for a 23-hour visit yesterday intended to maintain the momentum of rapidly improving relations with Canada's new Progressive Conservative Government, AP reports from Toronto.

The visit will give Shultz his first opportunity to review with Mr Joe Clark, Canada's new Foreign Secretary, disputes between the neighbouring nations that arose under the Liberal governments of Mr Pierre Trudeau and Mr John Turner.

The Tory Government led by Mr Brian Mulroney, Prime Minister, elected in a landslide last month, has pleased the U.S. by moving quickly to bolster Canada'a armed forces and promising to revise nationalistic investment policies.

However, there is no indication of any movement on the impasse on acid rain. Canada is pressing for immediate cuts to smokestack emissions in the U.S. midwest. The U.S. insists more study is needed.

Acid rain "is first and foremost of our agenda," said a Canadian official. "We feel the time to move is now."

A U.S. diplomat said he did not expect any progress on the acid rain dispute, but he said the U.S. is eager for signs of progress *on other issues.* "We want some positive results out of this meeting," he said.

Argentina in talks on new loans

By Peter Montagnon, Euromarkets Correspondent, in London

ARGENTINA is today due to begin talks with its leading bank creditors in New York over a package of debt rescheduling and fresh loans that could total about $20bn.

At stake is a rescheduling of public and private sector debt maturing between 1982 and 1985 as well as a new loan facility of between $3bn and $5bn.

The talks, which follow Argentina's agreement last month with the International Monetary Fund on a programme to back up a $1.4bn standby credit, are expected to be exploratory and last only a few days. After that they will adjourn while both sides prepare the ground for more substantive negotiations.

Bankers say that the Argentine debt negotiations are likely to be among the most difficult and delicate they have undertaken with any country since the Latin American debt crisis broke two years ago.

Not only is there great resistance in the banking community to the idea of putting up fresh loans for the Government of President Raul Alfonsin, but bankers are also having to refute reports that the IMF agreement is in danger of falling apart less than a month after it was reached.

Such reports tend to exacerbate even further the hostile attitude many banks now display towards Argentina, but senior bankers say they expect the IMF to make fairly frequent adjustments to Argentina's programme over the next few months.

The country's very high inflation rate of nearly 700 per cent makes it particularly difficult to predict the impact of economic measures the programme contains.

New Premier chosen in Peru

By Doreen Gillespie in Lima

PERUVIAN President Fernando Belaúnde Terry has named Sr Luis Percovich Prime Minister and Minister of Foreign Affairs, replacing Sr Sandro Mariategui who resigned to contest the 1985 presidential election.

New ministers – all of whom are members of the Government party – include the ministers of war, housing, education and transport and communications.

TECHNOLOGY

EDITED BY ALAN CANE

NON-DESTRUCTIVE TESTING

Ways of detecting cracks in the pipeline

BY IAN HAMILTON-FAZEY

NEW mechanised non-destructive testing methods will be introduced into the U.S. by the Warirngton-based SGS Sonomatic, which specialises in ultrasonics applications. The methods will use a small robot developed by Sonomatic to operate remotely in hostile environments and will enable exploitation of Zipscan, a specialised data processor developed by the Atomic Energy Research Establishment at Harwell.

Zipscan's most high profila use will be in the U.S. nuclear power industry to detect atress-induced corrosion cracking in the pipework of boiling water reactors. The faults develop with usa because of a chemical reaction between cooling water and the steel pipework and pumps it passes through. The process is known as intergranular stress corrosion cracking (IGSCC).

The technique will both find and size the cracks, a marked advance over what happens at present, when sizing is almost impossible and there is no guarantee that the microscopic cracks will be found anyway.

Present methods of finding the cracks include X-ray techniques or hand-scanning pipework with ultrasonic waves and hoping that the cracks will produce an effect comparable to what happens with radar or sonar waves used for navigation. But the methods are uncertain because the cracks are deep in the metal at intergranular level and tiny.

Apart from that, the environments concerned are so hostile that there are high prospects of human error because operators are almost impossibly encumbered with protective gear. Just holding the scanner—which both transmits and receives the ultrasonic waves—at a slightly incorrect angle will cause a crack to be missed.

> Present methods of finding the cracks include X-ray techniques or hand-scanning pipework with ultrasonic waves.

The Sonomatic equipment works by separating the transmitter and receiver and sending the ultrasound through the metal at an angle. If there is a crack, its tips will diffract the waves, so that some will take microseconds longer to reach the receiver. The phenomenon is known as tima of flight diffraction.

Zipscan's advanced computing techniques enable this time separation to be measured and several electronic pictures to be drawn from different elevations, pinpointing the position and aize of the crack. This can then be assessed for danger. In most cases, there will be none, but the progress of the fault can then be followed so that maintenance can be carried out when required.

Human error has been eliminated by the way Sonomatic has turned Zipscan, which was really a laboratory instrument built around a powerful LSI 11 computer, to practical use by developing a robot called MIMIC (miniature mechanical inspection crawler). This is fastened to the pipework or plant under inspection (a quick in-and-out in protective gear) and then crawls about under remote control doing the tests.

Mr Bill Browne (left) and Mr Danny Constantinas of SGS Sonomatic using a nuclear fault finder which hunts for hidden cracks in vessels without the need for humans to endanger their lives

Sonomatic says that there is also considerable market potential for the equipment in the aerospace industry if it is enhanced with a high frequency digitiser to increase tha working range of ultrasound. This makes Zipscan ideal for inspecting thin materials and composite structures where accurata measurement of faults is critical.

In September Mr Bill Browne, the company's technical director and general manager, has been presenting papers and demonstrating the new equipment at the Edison Electrical Institute in Minneapolis and the Annual Conference of the American Society of Quality Control in Las Vegas.

The equipment is expected to gain approval by the U.S. Electric Power Research Institute shortly. This will be the green light for a team of engineers and technicians to tour the U.S. with a fully equipped mobile laboratory to promote the technology and provida services for actual inspection of nuclear power plant.

Computing

Factory automation

DIGITAL Equipment (DEC), tha world's second largest computer manufacturer has launched a three-part software set for factory automation.

It claims it is the first software product from a major manufacturer designed to integrate industrial controllers with manufacturing applications.

Key to the new software, called "Baseway," is a hardware/software communications device which can be run on one of DEC's large VAX minicomputers and which provides a link or gateway between the computer and programmable machines on the factory floor.

The gateway is connected to the machines by an application software bus and there is software to support the intelligent controllers.

Prices for the product set are $4,000 each for the gateway and the programmable device support, $18,000 for the applications software bus.

Users will need VAX 11/750 and PDP 11/24 computers; the product will be shipped first next January.

Semiconductors

Furnaces for silicon circuits

THE UK may lag in the production of silicon chips but it is still a leader in the apparatus needed to manufacture them. A new modular tube furnace from Lenton Thermal Design—needed for semiconductor wafer processing—is said to be the most advanced UK designed and manufactured model available.

There are two variations, both of which can reach their maximum operational temperature in only 10-15 minutes. Lenton says their operation is governed by an integral programmable controller which greatly simplifies the preparation of special application orientated work. More on 0858 32634.

Video shrinks to woo consumers

Video & Film

BY JOHN CHITTOCK

THE WORLD'S first consumer videotape recorder — demonstrated to the Press but never actually launched commercially —was British. It has been developed by a small company called tha Nottingham Electronic Valve Company and, under the name Telcan, was shown to a disbelieving audience in tha early 1960s at the Waldorf Hotel in London. The audience was disbelieving because, until . . . then, few seriously believed that a technology as complex as videotape recording would operate on equipment no larger than a domestic audio-tape recorder—and using similar ¼ in tape.

In fact, it did work, although not very well. But it was one of the early signals that videotape recording was on the way down—in size and price. Now, after over a decada of domestic VCRs in boxes of an unchanging size and shape, smaller ones are on the way.

The move towards miniaturisation has already been witnessed in tha shops with Sony's Beta Movie—the so-called camcorder which brings a small video camera and Beta videotape recorder into one compact unit. JVC'a answer to this, using VHS cassettes, is now just becoming available.

Such developments are logical if the home movie market is to take off. But until recently not much attention has been given to the introduction of smaller and cheaper VCRs. A first step now comes with the U.S. introduction planned by Technicolor of a low cost playback-only VCR at $299. Another playback machine from Taiwan is allegedly on its way with a wholesale price of only $79.

Playback-only machines are not new, but the idea looks like catching on. In countries where broadcast television services are of very poor quality and not widely available, the record facility is of doubtful value. And in the West, there would be no shortage of industry pressure groups—such as the programme copyright owners—who would dearly welcome the elimination of the record facility.

One U.S. report claims that Taiwanese playback - only machines already exist in prototype form which are little larger than the videocassettes that go into them—the video version of the Walkman. At least already a new set of initials is entering the vocabulary—VCP, for videocassette Player.

Such miniaturisation may seem more of a gimmick than the Walkman. Who could seriously contemplate walking along the street watching a small TV monitor? But is it such a silly idea? Epson and some other manufacturers have been pursuing the notion of portable TV displays that provide the visual equivalent of headphones.

This technology is not exactly new. It derives from tha so-called "head-up" display used in fighter aircraft—where the pilot sees an aerial imaga of his instrument panel, floating on the windscreen ahead (thus avoiding any need to divert his gaze to the instrument panel). The same idea has been used with video discs on aircraft servicing—the engineer wears a helmet with a head-up display attached so that a view of a miniature TV screen is conveniently "projected" in his field of vision; at any time he can call up servicing information from a remotely located video disc player by plugging in to any one of a number of jack sockets around the aircraft.

The prospect of seeing a young population of day-dreamers on the streets watching TV movies as they go about their business seems as absurd as did the notion of the audio Walkman. But not only could it happen; it probably will.

In the meantime, there are uses which are much more serious for miniaturisation. Before tha arrival of video, 8 mm film was a useful tool for the travelling salesman—armed with a suitcase which opened up to become a desk-top back projector. As videocassettes have become much more the industry medium in place of film, some hybrid equipment has become available combining the VCR with a built-in TV screen—compact and light enough for a salesman to carry.

The latest version, due to be launched this month by Bell & Howell in Australia, is a VHS playback unit incorporating a lightweight 34 cm colour TV receiver. The market of course is the travelling salesman and also training. Rapid search and slow motion facilities have been retained in the video unit, so that flexibility in demonstrations is still retained.

The sama thinking is spreading to the video disc player. Ever since its introduction, the Philips LaserVision system has always had the capability of handling smaller discs, and many programmes have been made using only 8 in discs instead of the usual 12 in. The prospect of a smaller player for 8 in discs is thus inevitable, even for use in cars. Again this seems absurd, except for the occasional Rolls Royce which has everything. But in the U.S. Chrysler have demonstrated an in-car navigational system which relies on video discs to provide map displays—so there are practical benefits.

Because tha optical technology of LaserVision is very similar to that used in the new audio CD systems, the next step—from Pioneer—is a video disc player which can also replay CD audio discs.

The confused consumer might well ask where it will all end. There is plenty of room for further innovation and no doubt such developments will never end. The provision of the personalised head-up display provides a convenient basis for stereoscopic television—viz, by allowing the use of separate left and right eye images.

The ultimate development in miniaturisation however is the solid state VCR (or VCP). In this, there is no moving videotape—only a solid, motionless block of recording medium which is scanned electronically. Before that becomes a commercial reality, however, there is plenty of scope for making conventional television screens more compact—and manufacturers all around the world are still trying to crack that problem.

Ona obstacle will always remain. As the equipment gets smaller, so do the controls. Eventually, a point is reached where the final challenge is to make the user's fingers smaller. Enter then the voice operated recorder.

WORLD TRADE NEWS

Nigeria tries to dispel confusion

By Patti Waldmeir in London

NIGERIA has moved to dispel mounting confusion over new import inspection procedures introduced on October 1, announcing measures aimed at restoring exporters' confidence and persuading them to resume shipments, which have slowed to a trickle in the past fortnight.

In a circular issued on Friday in Lagos, the Central Bank of Nigeria gave what amounts to a blanket guarantee to commercial banks that they will be reimbursed for honouring confirmed letters of credit covering specified categories of essential goods until November 15, even if the banks cannot produce the inspection certificate previously required for payment.

The central bank has authorised commercial banks in Nigeria to delete the requirement of a so-called "clean report of findings" from SGS, the Swiss import inspection company dismissed a fortnight ago, from confirmed letters of credit covering shipments of food items, drugs, pharmaceuticals, spare parts, raw materials and basic chemicals.

The goods must still be inspected by a team of government officials in Lagos, but a clearance certificate from the team will no longer be required for payment, which must be negotiated no later than November 15.

The above arrangements will apply only to the relatively small volume of goods which have already been shipped to Lagos for destination inspection.

Greek sewerage contract awarded

ATHENA, a unit of the Archirodon Greek construction group, and joint venture partner Raymond of the U.S. have won a contract to build a $10bn sewage transport treatment and disposal project for Athens.

This makes clear the deal was won against competition from Cibi-Montubi of Italy, Costain Civil Engineering of Britain and Sarantopoulos and London Marine, part of the Costain group. A Financial Times report of October 15 incorrectly indicated that the Italian and British group were also sharing in the contract.

Midwest states join to attract investment

BY FRANK GRAY IN LONDON

THE STATE of Minnesota is spearheading a novel drive to attract foreign investment to the U.S. Midwestern states.

Mr Rudy Perpich, the state governor, who is in Europe leading a trade and investment mission, said yesterday the state was taking the lead in establishing a consortium which would give the region greater control over high-technology developments.

The consortium members would consist of state government, university, labour and industry representatives from Minnesota and eight other states in the region. It would use the data base provided by Minneapolis-based Control Data Corporation, the U.S. computer company.

Mr Perpich stressed that the region was anxious to "stop giving high technology away." The University of Minnesota, for example, had perfected technology to bring a 33 per cent iron ore up to 65-67 per cent iron content. Local companies then went into the marketplace and found competing interests using the technology.

The state hoped that as a result of the consortium arrangement, to be finalised next month, the group of states would be able to exchange technology of which it had control, with other nations either through licensing or joint ventures.

It is focusing in the iron ore field on deals with Britain and Japan. Other areas under study are in medicine, mosquito control, de-icing technology and rust control.

Minnesota opened an office in Stockholm last year and plans others in Oslo and in the Far East.

The twin cities of Minneapolis-St Paul plan to start construction next year of a world trade centre, which will house the export facilities of some of the major international trading companies in the state, as well as those of foreign companies including Mitsubishi of Japan.

City officials are to meet Dutch transit authorities later this week to discuss expertise required for a major urban transit system planned for Minneapolis-St. Paul.

Thais increase import tariffs on 'luxuries'

By Boonsong K'Thana in Bangkok

THE THAI Finance Ministry has announced selective increases in import tariffs for what it terms non-essential and luxury goods ranging from automobiles to fish, in a bid to cut the country's heavy trade and pay deficits and improve local industries' competitive edge.

At the same time, import duty on some items such as computers and components has been reduced to spur local industries, while export tax on a few commodities including rubber and leather has been cut or waived to promote exports.

The new tax structure became effective on October 9.

● Leo Gonzaga in Manila writes: The Philippines Government yesterday removed chicken, eggs and hogs from the list of commodities subject to price control in line with a recommendation of the World Bank, which recently granted a $150m loan for the country's agricultural sector.

Sr Salvador Escudero, the Minister of Agriculture and Food, had earlier indicated that there would be complete decontrol in order to increase production.

Japan's Indian pipeline hopes upset by Brazil

BY JOHN ELLIOTT IN NEW DELHI

LOW-PRICED tenders submitted by Brazilian and South Korean companies for India's proposed 1,280 km natural gas pipeline have upset plans for Japan to be given orders for most of the southern half of the $1.2bn to $1.7bn project.

Interbras of Brazil is believed to have submitted a bid of about $220m for supplying pipe. This is thought to be more than 30 per cent below rival prices from a Japanese group led by Sumitomo and European companies including British Steel.

The problem being tackled by India's finance and petroleum ministeries is how to make maximum use of the low offer from Brazil, whose technology is based on Sumitomo processes, while also making use of $220m of Japanese aid available for the project over the next three years.

The Japanese aid can be used to buy from Japan, India or from developing countries, which include Brazil. The Japanese Government has made it clear informally, however, that it expects a large slice of the orders.

West Germany is willing to provide $60m in aid, half on interest of 0.75 per cent over 50 years, and Italy is finalising proposals for $15m of soft loans and $15m of commercial loans.

Italy's hopes of winning a major slice of the work for its Snamprogetti group have faded because the Indian Government is at present inclining towards placing a series of individual supply and construction contracts instead of one turnkey order. The World Bank is likely to offer $200m of aid.

Japan's problems worsened last week when bids were opened for laying the southern half of the pipeline from Hasira near Bombay to Guna. These showed that the main Japanese consortium, led by Marubeni with NKK, was one of the highest at about $139m compared with $100m from Hyundai of South Korea, $115m from Dodsell of India, $130m from French-Japanese consortium Stie-Cabag Toyo, and a similarly high figure from German-UK consortium Mannesmann-BPEC.

The pipeline will take natural gas from the Bombay high oil and gas field diagonally north-east across India to a point 200 km east of New Delhi. It is scheduled to be completed in stages between one and three years.

The UK's aid allocation to India is almost fully committed for the next couple of years because of expected expenditure on a power station and helicopters, so the UK will not be providing aid unless the Government is persuaded to use its general aid-for-trade budget to match financial suport being given by other countries.

There is no sign yet that the Government believes bids submitted by British Steel and construction companies justifies such support.

Japanese car exports set fresh record

TOKYO – Japanese vehicle exports are thought to have hit a six-month record of 3.13m in the first half (April/September) of fiscal 1984, against the previous record of 2.86m in the same period a year earlier, industry sources said.

The total included 509,025 exported in September, up from 469,153 in August and 482,031 a year earlier, they said.

Toyota Motor and Nissan Motor, Japan's two largest car makers, have announced their export figures, and national totals will be announced later this month.

Toyota said its first-half fiscal 1984 exports rose 12.3 per cent to 935,821 from 833,254 a year earlier, while Nissan said its exports fell 1.2 per cent to 708,062 from 716,662.

The Toyota total included 465,416 vehicles shipped to the U.S., up 24.1 per cent from a year earlier and 94,186 to the European Community, down 6 per cent.

Nissan exported 334,496 to the U.S., up 4.5 per cent from a year ago and 121.735 to the EEC, down 12 per cent.

Reuter

David Buchan reports on UK successes in the declining markets of Eastern Europe

Britain bucks the trend in trade with East bloc

BRITAIN IS again bucking the general trend in East-West trade, but, instead of the UK share shrinking, as it did steadily in the 1970s, it is now growing. So far this year, UK exports to, and imports from Comecon have risen much faster than those of other industrialised Western countries with the East.

The big export success has come in the Soviet market, where UK sales rose 47 per cent in the first eight months of this year and which accounted for over half total UK exports to Comecon. This contrasts very sharply with the 16 per cent decline in overall Soviet imports from the developed West in the first half of 1984.

The overall cut in Soviet purchases from the West earlier this year is more easily explicable, in terms of stagnant Soviet earnings from energy exports, some foreknowledge that due to inferior seed the 1984 harvest might be even worse than the 1983 one, and the need to conserve cash to meet a grain import bill this autumn.

The greater curiosity is the UK export increase, though Mr Nikolai Patolichev, the Soviet trade minister, gave Mr Paul Channon, the UK trade minister, grounds to expect stepped-up Russian buying of British goods when they met in Moscow in May.

To some extent the increase is distorted by commodity speculation (Soviet purchases of non-ferrous metals on the London exchanges) and the residue of past success (UK fulfillment of its part of the Siberian pipeline contract is still swelling the size of its power generating machinery sales to the Soviet Union).

None the less, the export improvement in the Soviet market seems to be fairly broadly based. In particular, the larger British companies appeal to be mounting a more consistent export drive, with new opportunities opening up to two in particular.

UK TRADE WITH EASTERN EUROPE

	UK imports Jan.-Aug. 1984 (£ ms)	UK exports Jan.-Aug. 1984 (£ ms)
Soviet Union	482.6 (434.2)*	463.6 (314.5)
East Germany	132.7 (121.5)	58.2 (32.4)
Poland	177.3 (116.4)	108.0 (102.4)
Czechoslovakia	76.7 (68.8)	50.6 (42.6)
Hungary	44.1 (32.8)	63.4 (52.2)
Romania	127.3 (40.4)	46.1 (49.4)
Bulgaria	9.2 (7.5)	33.1 (27.9)

* Figures for Jan.-Aug. 1983.

Source: Department of Trade and Industry

ICI is currently negotiating a deal to turn methanol into "proteen" cattle feed, deepening its agro-industrial involvement in a country more than ever in need of help with its farming. The Russians are also interested in refurbishing their older textiles mills, which Courtaulds is well-placed to do, having built some of the originals itself.

The UK export record to the six East European members of Comecon has been more modest, an increase of 13 per cent in January-August this year, though better than Western competitors which increased exports to Eastern Europe 4 per cent in the first half of the year. But it is less balanced. The main increase has come through grain sales to East Germany, a slightly puzzling fact since that country, never free with information, was thought to have had a reasonable harvest this year and last.

Predictably, some of the 46 per cent rise in UK imports from the six East European countries between January and August this year is due to increased Polish coal shipments during the British miners' strike. For instance, Poland has shipped £38m worth of coal to the UK in January-July 1984, compared to £20m in the whole of 1983.

Less predictable was the threefold rise in Romanian exports, primarily of aluminium and oil, as part of its demonic drive to export itself out of debt trouble in the absence of new Western credit.

Without these two special factors East European exports to the UK would have been nearer the 7 per cent growth in the region's total exports to the developed West in January to June 1984.

One year's figures do not make a sustained recovery in UK-Comecon trade, particularly after so long a slump. But if the general economic improvement in Eastern Europe continues, if the Soviet Union can sustain its hard currency earnings chiefly from energy, if the bigger British companies exploit this difficult market as only the larger organisations can, if some new lines of business are developed (such as possibly selling Eastern Europe quieter aircraft to meet new international noise standards), if the UK keeps its novel position of modest grain exporter to food-short Comecon—if all this happens, then Whitehall officials are definitely bullish over the future.

French deficit with Comecon rises sharply

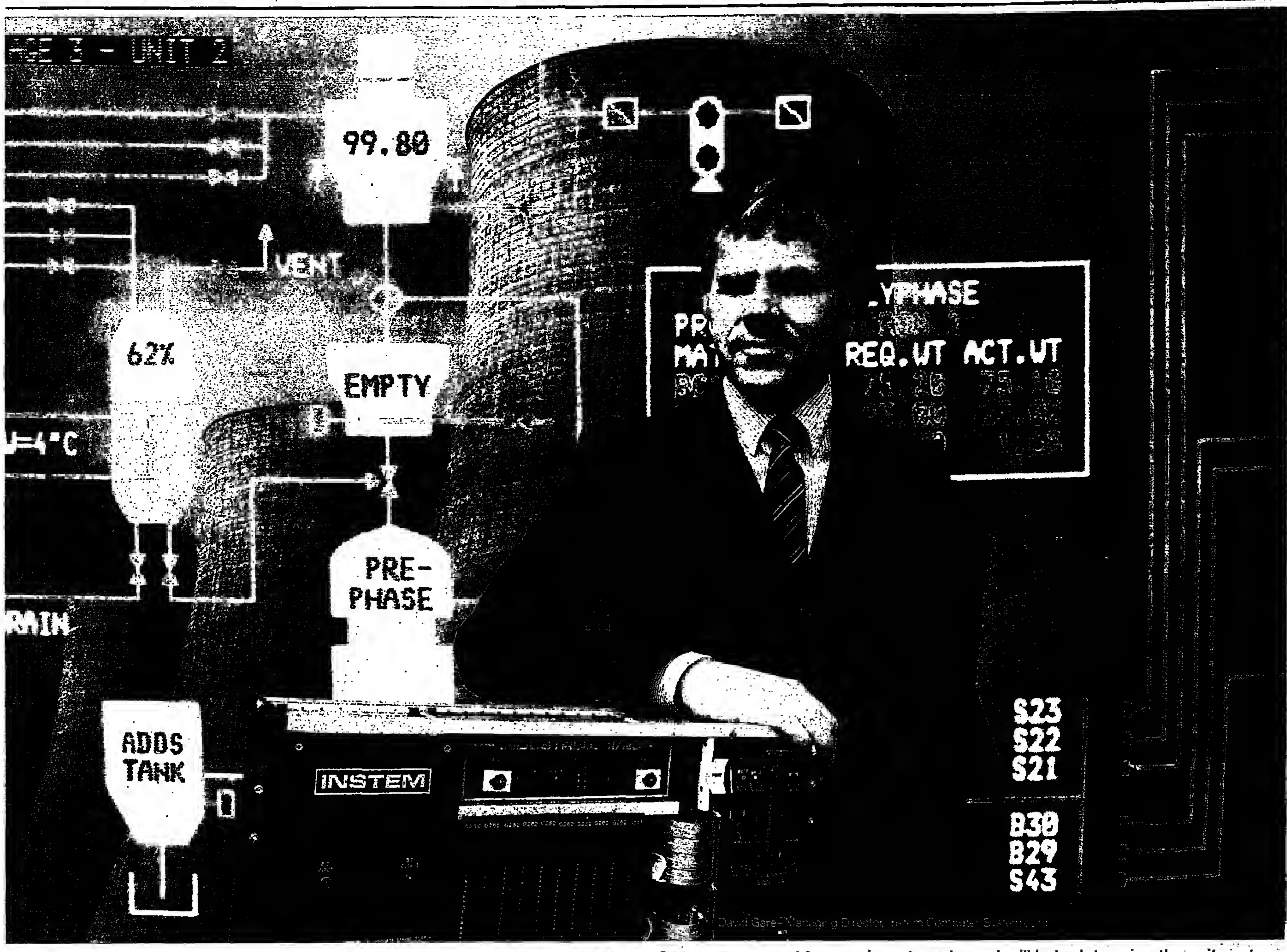
By David Marsh in Paris

FRANCE'S trade deficit with the Soviet Union and the East bloc is starting to rise sharply again, climbing to FFr 4.7bn (£403m) in the first half of 1984 from FFr 5.4bn in 1983 and FFr 9.8bn in 1982.

The French Finance Ministry, in a study of French trade with Eastern Europe, blames the slippage largely on a sharp fall in large industrial contracts, with the East bloc, which slumped to only FFr 1.6bn last year from FFr 6.5bn in 1982 and FFr 8.7bn in 1981. The value of large deals — on which France has traditionally relied for an essential part of East-West trade — recovered to FFr 1.4bn in the first half this year.

Large industrial projects agreed with the Soviet Union totalled only FFr 600m in the first half against FFr 1.3bn in 1983, FFr 4.9bn in 1982 and FFr 7.4bn in 1981.

THE ENTREPRENEUR



As the end of 1982 approached, physicist-turned-businessman David Gare realised he had a big problem.

Although he was managing a highly successful Staffordshire computer systems company, he felt his American parent, Kratos Inc., were becoming increasingly remote.

They had problems of their own, and couldn't spare enough time for the young, growing offspring far away from home.

Gare proposed a management buy-out. Kratos were receptive, but imposed a time window on the deal. They told him that if he came up with a proposition within one month they would consider it. That was two weeks before Christmas.

He needed a financial partner with quick reflexes.

Gare says, "I wanted someone who could work in the fastest, most flexible way possible – and also be able to negotiate with an American parent with an understanding of how the Americans thought. I called the five biggest financial companies of different types I could think of, just to get a reaction."

There was no shortage of suitors.

Four of the five could have done a deal. Two of them wanted Gare and his colleagues to take what they felt was an unacceptably high immediate personal risk in fees for putting the deal together. Another couldn't react in time.

That left Citicorp Venture Capital.

Unlike the others, they would not only put up the money, but also offered to take on the negotiations with the parent company, which is often difficult for current management to handle themselves in a buy-out situation.

"Ultimately, I chose Citicorp because they were the people most likely to conclude the most satisfactory deal in the time available," says Gare. "Their whole style is to make it easier."

Crucially, the specialised engineering group, Dobson Park Industries plc, required little persuasion to take a major share in the new company – now called Instem – because they saw a chance to gain ready access to knowledge in computer-based applications, plus a useful stake in a growth business.

With its ability to custom build high quality electronics in volume quantities, today Instem is a supplier of computer related products and systems for data acquisition, and monitoring and control to important sectors of the UK economy – including energy, water, steel – as well as science-based multinational companies.

Are you an entrepreneur? Here are some things you should know about Citicorp Venture Capital (CVC).

* Since starting up in the UK three years ago, we have invested in over 30 companies which now have a total annual turnover of over £230 million.

* We undertake two main types of venture capital financing:
"Replacement Capital" to buy-out existing shareholders and substitute a new capital structure. This includes management buy-outs; acquisitions and mergers; and making a public company private.
"Expansion Capital" to finance the further development of a successful company, particularly during the early phases of accelerating growth.

* We are planning to invest over £100 million in venture capital in Europe in the coming years.

* We look only for a minority equity holding, because we believe that the operating management should be motivated by substantial equity ownership.

* We are more interested in the future cash flow potential of a company, and attach less importance to the "borrowing base," often called "security." Our aim is to invest in companies which will become successful.

* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.

* We are prepared to take a long term view of investments, and will help determine the exit route most suited to the requirements of the company: the USM, the sale-on of the company, a repeat buy-out of our equity by the management, or a Stock Exchange listing.

* CVC's professional staff come from general management, technology, and manufacturing, as well as financial backgrounds. They are therefore able to understand the entrepreneur's business and investment needs, and can contribute continuing assistance and expert advice on the company's development.

* We have access to the international network of Citicorp, one of the world's largest financial institutions, with European venture capital offices in Paris, Frankfurt, Milan and London.

* For particularly large investments, we can assemble and lead a syndicate of investors.

> "Senior CVC executives give the impression they are professionals in a rather amateurish market. Their 'modus operandi' is based on the phenomenally successful venture capital offshoot of the mighty Citibank."
>
> *Financial Weekly*

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Or, if you simply would like a copy of our brochure containing more information, just ask Citicorp Venture Capital, 335 Strand, London WC2R 1LS. Telephone 01-438 1593.

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GLOBAL INVESTMENT BANKING

UK NEWS

BUOYANT RETAIL SALES HELP TO LIFT GLOOM OVER ECONOMY

Industry output dips to 2-year low

BY OUR ECONOMICS STAFF

BRITAIN's level of industrial output fell to its lowest level since the end of 1982 in August as the miners' strike continued to depress coal production. The underlying level of output has been downwards all year.

Output fell by 0.2 per cent in August compared with July and the fall in the three months to August was 1.3 per cent.

However, the output of manufacturing industry, which has not been greatly affected by the miners' strike, bounced back in August after a bad slide in July. This means that in the three months to August manufacturing industry increased its output by about ½ per cent over the previous three months.

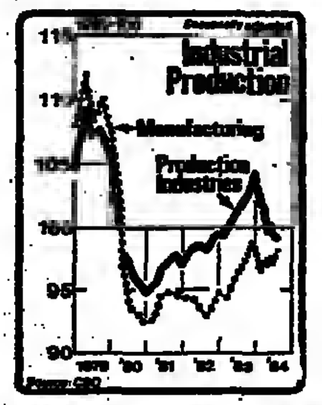
In the retail markets, the level of spending in shops recovered sharply in September to a new record, according to provisional estimates published by the Department of Trade and Industry.

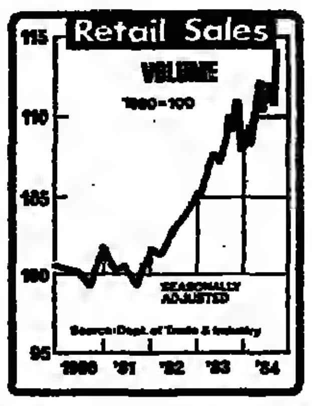
They showed a 3 per cent rise in the volume of retail sales compared with a depressed figure in August. The index of retail sales for September is provisionally estimated at 114.3 (1980 = 100).

The average level of sales in the third quarter is estimated to be 3.7 per cent above the level a year earlier.

Latest figures suggest that the consumer boom is not yet exhausted, in spite of the rather flat figures during the summer months which suggested that this might happen.

The more cheerful manufacturing output picture shown in the August quarter is still far from good, however. Manufacturing output has been more or less flat all year, after a substantial recovery last year,





and the output levels are still some 10 per cent below the 1978 and 1979 levels.

The figures reflect the decline in business confidence which has been reported since the summer, particularly by the Confederation of British Industry. They also highlight the importance to industry of a fall in interest rates which the Government agrees is justified on internal monetary grounds but which is inhibited by the uncertainty surrounding foreign exchange markets.

The figures published by the Central Statistical Office show the index of output for the production industries at 99.1 in August (1980=100; seasonally adjusted) compared with 99.3 in July and 100.4 in June.

The index for manufacturing industry, which excludes coal and other energy sectors, was 98.1 in August compared with 97.2 in July and 98.1 in June.

A worrying feature of the figures for the Government is the extent to which so many sectors have performed flatly or poorly during this year. The engrav division's index has fallen sharply during the year from 120 in January to 102.0 in August, its lowest level since the first quarter of 1981. This is mainly due to the miners' strike but also, latterly, to depressed oil and gas production.

Output in the consumer goods sector has been flat all year and remains at about last year's average level. Output by companies making goods for capital investment is slightly up on the beginning of the year and about 2 per cent ahead of the average for last year.

But output of intermediate goods such as small machinery parts and components, has been declining steadily all year and fell a further 2.5 per cent in the three months to August.

The only real bright spot in an essentially gloomy set of figures is in the chemicals and man-made fibre sector. Output has improved each quarter since the end of 1982. August was an exceptionally good month with a jump in output of 6 per cent over the previous month.

Monthly output figures tend to be inconsistent and erratic, but on a three-month basis chemicals and fibres have improved by 1 per cent in each of the last two periods.

The still-buoyant retail sales will, however, be welcomed by the Government which is anxious that the pace of recovery should be sustained as the economy moves from the first phase – of rising consumption to the second which it hopes will be characterised by increased investment and exports.

One of the disappointments of the recovery so far is thet increased spending has by no means been fully reflected in rising output and jobs.

● Selfridges, the large Oxford Street, London store, said its sales by value in September were up by 22 per cent compared with the same period last year.

Retailers generally, believe that there has been a resurgence of confidence among consumers who are in employment and whose standards of living continue to rise.

This reinforces the view that the initial concern over the long-running miners' dispute, which depressed sales during the summer months, has now been replaced by some measure of optimism.

In London and many other parts of the country, the tourist trade remained buoyant in September – against the normal trend – while consumer applications for credit in that month were ahead by about 2 per cent on the August figure.

The indications are that the buoyant conditions continued into this month.

Lex, Page 18

Thatcher calls for death penalty

By Kevin Brown

CONSERVATIVE MPs who are pressing for the reintroduction of the death penalty after the Brighton bombing won support yesterday from Mrs Margaret Thatcher, the Prime Minister.

In her first interview since escaping the IRA assassination attempt on Friday, Mrs Thatcher said those who were prepared to kill forfeited the right to their own lives. Four people died in the explosion.

"I believe that the death penalty should be used only very rarely, but I believe that no one should go out certain that no matter how cruel, how vicious, how hideous their murder they themselves will not suffer the death penalty," she said.

Her insistence that execution should be rare and applicable only to some forms of murder is likely to encourage those MPs who favour restricting the death penalty to terrorist murders. It could improve the chances of a limited Bill passing the House of Commons.

Mrs Thatcher has voted consistently in favour of the death penalty whenever the issue has been debated. But her comments yesterday were her most explicit since becoming Prime Minister, and together with the deaths at Brighton may have a marked effect on opinion among moderate Conservative MPs.

Inevitably, they will weaken the position of Conservative opponents of the death penalty such as Mr Jim Prior, the former Northern Ireland Secretary, who has argued that executions would create IRA martyrs.

British Shipbuilders signs deal on technology with Mitsubishi

BY ROBERT COTTRELL IN TOKYO AND ANDREW FISHER IN LONDON

BRITISH SHIPBUILDERS (BS), the state-owned concern which is fighting to curb heavy losses and now accounts for barely 2 per cent of the world market, has signed a technology deal with a leading Japanese shipbuilder.

Mitsubishi Heavy Industries said yesterday it had agreed to supply technology to BS, although it emphasised that the details of co-operation had still to be fixed.

The agreement does not go as far as that which the Belfast shipbuilder, Harland and Wolff, signed nearly a year ago with Ishikawajima-Harima Heavy Industries (IHI) to build ships under licence from the Japanese builder. BS said both companies saw a potential for co-operation beyond the scope of the initial agreement with Mitsubishi, part of the world's largest shipbuilding industry.

The hoped for "further progress towards bilateral co-operation over a wide range of interests," BS said, without elaborating.

Mitsubishi, which has shipyards in Nagasaki, Kobe, Hiroshima and Shimonoseki, said engineers from both sides would discuss next month which areas of technology should be highlighted.

Areas likely to be covered are computer-aided design and manufacturing – BS has invested heavily in these areas and claims to be among the world's most advanced shipbuilders in use of such sytems – and productivity methods.

Mitsubishi said it signed a similar contract with Todd Shipyards of the U.S. last June. BS previously had an agreement with IHI on technology use in its yards but that has expired.

The IHI deal with Harland and Wolff, also state-owned and loss-making, allows the Belfast concern to build multi-purpose cargo ships from the Japanese company's range, although no orders have so far resulted.

Indifference to jobless denied

BY OUR POLITICAL STAFF

MRS MARGARET THATCHER, the Prime Minister, yesterday brushed off criticism of her Government's economic policies by Church of England bishops and insisted that she was as concerned about unemployment as anyone else.

Mrs Thatcher also courted confrontation with the church by explicitly questioning the right of bishops to comment on political matters.

Speaking on television, she set the tone for an autumn campaign by the Government to counter suggestions that ministers do not care about unemployment.

The Prime Minister insisted that her policies were not in any way extreme and that they had not polarised the country. In an obvious reference to the miners' strike, she said those who used violence to achieve their aims were the real extremists.

"Violence has to be beaten. Otherwise what is on the rack is not a political party, it is democracy," she said.

Mrs Thatcher's comments reflect Tory concern that the opposition parties have had some success in portraying the Government as indifferent to the plight of the unemployed.

Party leaders were most stung by a series of critical speeches by Anglican bishops, culminating in an attack by Dr Robert Runcie, the Archbishop of Canterbury, on the effects of unemployment and poverty.

Mrs Thatcher's remarks indicate that the Downing Street reaction will take a positive form. A series of ministerial speeches can be expected in the coming months which will stress the Cabinet's concern for the unemployed.

The Prime Minister said the bishops were mistaken in thinking there was a ready answer to unemployment. "If there were ready answers we would be the first to find them. First because we are as concerned about things as those who express these opinions, and second because of we had ready answers it would probably be the very best political thing to bring them out."

Mrs Thatcher said neither she nor her critics could "conjure up" 3m jobs. But, as evidence of government efforts to reduce unemployment, she drew attention to the system of regional grants, subsidies to nationalised industries and grants to technically innovative companies.

Shorter work hours trend

By Our Labour Staff

MORE EMPLOYEES are being asked to work shorter working hours spread throughout a year, rather than over a working week, according to a new survey published today of working time.

The survey, carried out by the Industrial Society, shows that more employees are being asked to work a 1,776-hour year, rather than a basic 39 or 40-hour week.

The society says that the survey's results – based on looking at about 100 companies – allow employers to plan their manpower ahead to fit in better with busy times of the year for their businesses.

From the employees' side, the society suggests that such an arrangement of working hours can lead to both better basic pay and longer holidays.

While the survey shows that habitual overtime is being reduced, many managements still feel that overtime remains the most cost-effective way of handling peaks in business demand.

New figures from the Government, published in its 1984 New Earnings Survey, show that, on average, male manual employees work a 39.2 hour week – but top it up with an average 3.1 hours of overtime.

Picket on Vauxhall imports

VAUXHALL workers at Ellesmere Port, Cheshire, yesterday voted to continue the week-old pay strike which has hit production of the new Astra model in which the company has invested £50m.

Vauxhall aims to make the car the centre piece of its display at the motor show which opens in Birmingham this week.

Workers from the Cheshire plant have mounted a dockside picket at Hartlepool, in the north east of England, one of the main distribution centres for vehicles brought into the UK by General Motors. A similar operation is planned for the ports of Harwich, Dover, Felixstowe and Sheerness.

Vauxhall's rejected offer is worth about 7.5 per cent. The other main plant at Luton, Bedfordshire, is also on strike over the same offer.

☐ THE CONCEPT of a U.S.-style Securities and Exchange Commission to regulate Britain's financial community was firmly rejected by Mr Alex Fletcher, Minister for Consumer Affairs.

He was speaking ahead of a major policy statement which he will make later this week about the future regulation of the City of London and the possible policing framework which will be needed in the financial community.

☐ SEALINK UK, now owned by Sea Containers, has reshuffled some of its cross-Channel services to end its losses on the Newhaven-Dieppe route and boost the operation to Belgium. From next March, French Railways (SNCF) will run the service from Newhaven.

☐ A MERGER of filtration businesses of Turner & Newall and Automotive Products will create the largest supplier of motor filters in the UK with £20m annual turnover and a 25 per cent market share.

The new joint venture will be called Coopers AP Filters and will continue to supply both T&N's Coopers and AP's Lockheed brands of filters.

☐ BRITISH CALEDONIAN is suspending its air service between London (Gatwick) and St Louis Missouri, from October 28 because of insufficient demand. The airline said traffic on the route had not increased, in spite of efforts to develop it.

☐ ABOUT 1,000 companies have been deterred from switching their power supplies to coal from oil this year because of the miners' strike, Mr Peter Walker, Energy Secretary, said. He added that the Government would not tell the British Gas Corporation to curb its present drive for more industrial customers, even though Whitehall favoured greater coal burning and offered grants for switching to coal.

☐ A 78,000-ton tanker was pulled off rocks at Milford Haven, West Wales today, without any leaks from its cargo of North sea crude. The Matco Avon hit rocks at St Ann's head and was agroond for an hour before being pulled clear by five tugs.

☐ ENERGY Secretary Peter Walker's drive to get Britain to save energy received a boost with the launch of a £2m advertising campaign. Newspapers and television will carry messages telling householders, local authorities and industry to "lift a finger" and point the way to where energy savings can be made.

UK NEWS

Whitehall faces second telecom policy dilemma

BY GUY DE JONQUIERES

THE GOVERNMENT'S rejection of the joint proposal by British Telecom BT and IBM to launch an electronic information network has settled one of the thorniest problems to face UK telecommunications policy since liberalisatioo of the market began three years ago.

However, the decisioo does nothing to resolve another – and arguably even knottier – problem still on the desks of officials. The unenviable task now confronting Whitehall is to set down in cold print e definition of e value added network, or Vans for short.

Broadly speaking, the challenge is to devise a working distinction between the basic business of transmitting information such as telephone calls and computer data on a telecommunications oetwork, and the processing or manipulatioo of that information so that "value" is added to it in some way. Such processing is often done by computers.

Getting a clear definition is crucial. The Government is eager to encourage the growth of the Vans market. However, it is also committed not to allow other companies to compete with BT and Mercury in telecommunications transmissioo before mid-1989.

It is also prohibiting other companies from "creaming off" BT's profits by buying capacity on its circuits and reselling it.

These conditions are intended to give Mercury a chance to establish itself and to allow BT time to adapt to competition by adjusting its tariff structure. BT aims to eliminate cross-subsidies betweeo its lucrative trunk services and its unprofitable local network by raising prices for the former faster than for the latter.

Individual examples of Vans are easy to identify. They include electronic mail services, operated by BT and others, which allow text messages to be sent to a central computer where they are stored until retrieved by the person to whom they were addressed.

Writing a blanket definition is much harder, however, especially against a background of fast-changing technology. In strict engineering terms, there is no clear-cut distinction between the processing and transmission of information, and imposing one is likely to call for delicate value judgments.

If, for instance, a major computer supplier connected its customers data processing centres on circuits leased from BT, much argument might be needed to determine whether it was operating a genuine Vans.

Some industry experts believe that the Government has set itself an impossible task. They argue that the rapid convergence of computing and communications technologies renders meaningless any attempt to distinguish between them.

This conclusion was reached in the late 1970s by the U.S. Federal Communications commission after toiling for several years at an almost identical semantic conundrum. Finally, it gave up the struggle and ruled that, with the exception of American Telephone and Telegraph, computer and telecommunications companies should be free to enter each others' territory.

In Britain, an official report by Professor Michael Beesley of the London Business School, called for e similar approach three years ago.

Mr Alan Hare, former chairman and chief executive of the Financial Times (right) being awarded the Commander's Cross of the Order of Merit of the Federal Republic of Germany by Rüdiger Baron von Wechmer, the West German ambassador in London.

The ambassador said: "We are honouring a man who proved himself a consistent friend of my country.

"It is due to your drive and dedication, indeed I may say vision, that e paper of the acknowledged international standing of the Financial Times is printed daily not only in London but also in Frankfurt.

He said the Financial Times had pioneered transmission of large sections of the paper from the City of London to Germany. Today, the Frankfurt edition was an established part of the international media scene.

EEC directive on unit trusts 'may be adopted next year'

BY GEORGE GRAHAM

HARMONISATION of unit trust legislation in the EEC could be a reality by the end of 1985, according to Mr Mark St Giles, managing director of GT Unit Managers and president of the European Federation of Investment Funds and Companies.

Mr St Giles was speaking at a conference in London on "Unit trusts – e major force in international investment," sponsored by the Unit Trust Association and the *Financial Times* in association with Money Management. He said there were still problems over the scope of the EEC draft directive on undertakings for collective investment in transferable securities (Ucits) but these were beginning to be solved.

Mr R. Vandamme, head of the *European Commission's financial* services directorate, later agreed with Mr St Giles on the chances that the directive might be adopted next year. "We have made very good progress in the past month," he said, "and today's meeting in Brussels of the working party will *show whether* there is a will *to* proceed."

Mr Vandamme said there had been difficulties over the application of the directive to some Luxembourg funds that were quoted within the EEC but only marketed outside the Community. But the prospects of the *Ucits* directive and a parallel directive on free movement of capital within the EEC for unit trusts were good.

Mr St Giles criticised some aspects of the directive, particularly proposals to restrict the liquidity of funds. "We don't want to be bampered on liquidity," he said, urging the Commissioo to count liquidity as a permitted asset and thus allow the creation of money market funds.

These funds had been the key to the growth of the mutual fund industry in the U.S., said Mr David Silver, president of the Investment Company Insitute. They served as the "linchpin for the development of integrated investment programmes."

Money market fund assets had fallen from their peak of $232bn at the end of November 1982, partly because banks had been allowed to offer federally insured money market deposit accounts. But mutual funds had clawed back the advantage from banks which initially offered high introductory rates on their accounts.

"This favourable differential has increased during the past 12 months and currently exceeds 115 basis points" Mr Silver said. As e result, assets had recovered from $165bn in mid-1983 to $185bn today.

Mr Silver said equity, bond and income funds were also booming. After drifting along at about $4bn a year in the 1970s, sales of these mutual funds rocketed to $40bn in 1983 and had cootinued at an even faster rate this year.

In Japan, medium-term government bond funds had proved similary attractive to investors, said Mr Itsuo Minami, president of Daiwa Investment Trust and Management. These funds, which offered immediate withdrawals, were launched in January 1980 and now had assets totalling 4.5 trillion (million million) yen.

In *total*, the net assets of Japanese stock investment trusts amounted to about 7 trillion yen *and those of bond* investment trusts to about 9 trillion yen.

A warning against complacency came from Mr David Hopkinson, deputy chairman of M & G group. He pointed out that the number of unitholders in the UK at 2.25m was still less than in 1974. "A lot of people got very *frightened* then," he said.

"Managements should limit the spread of their prices so as not to overcharge unitholders coming in or going out," Mr Hopkinson said.

FINANCIAL TIMES
Unit Trusts
CONFERENCE

He urged *that* there *should be* complete openness about the basis on which unit trusts were priced.

Mr Michael Lipper, president of Lipper Analytical Services, added a further warning that fund management groups might now be experiencing peak profit margins. "The key is thet the market is getting extremely crowded in terms of product," he said, "so distribution costs will go up."

He added, "The single thing we must watch out for is uncontrolled greed." Many management groups had "confused brilliance with a bull market."

Mr Lipper said he expected an increase in redemptions as those who invested in unit trusts and mutual funds in the 1950s and 1960s withdraw their investments.

Fund managements should develop specialist abilities to cater for the large and growing corporate and charitable institution markets, he said. They should also make sure that they were servicing their better investors, who held not just one fund but five or as many as 10 different funds.

Other speakers were Mr M. J. Pherwani, chairman of the Unit Trust Company of India; Mr Andrew Burney, associate director of Schroder, Darling in Australia; Mr James O'Donnell, president of Canada's Mackenzie Financial Corporation; Mr Peter Pearson, managing director of Fidelity International Investment Management in Hong Kong, and Mr Alister Colquhoun, chairman of the South African Associatioo of Unit Trusts.

Sinclair launches new Spectrum computer

BY JASON CRISP

SINCLAIR RESEARCH, the leading *British home* computer company, has launched a revamped and more expensive version of its best-selling product, the Spectrum.

The computer, the Spectrum Plus, is expected to become Sinclair's single most important product. It costs £180, has an improved keyboard and comes with six applicetions programs including word processing. Unlike any previous launch by Sinclair, the new product appeared in the shops yesterday.

The main battle for the UK home computer market is between Sinclair and Commodore, the U.S. group. The new Spectrum will face strong competitioo from the Commodore 64, which sells at about £199. Other competitors are Acorn's Electron and the new computer from Amstrad.

Sinclair intends to continue selling the standard Spectrum at £130. *Mr Nigel Searle, managing director* of Sinclair, said yesterday that sales of the Spectrum Plus in the UK would be double those of the basic model.

Revenues from the Spectrum Plus, he said, were expected to be significantly more than those from the more expensive *QL* (launched at the beginning of the year) until late 1985. Last year Sinclair made pre-tax profits of £14m on sales of £77.7m.

The new computer is being made by Timex at Dundee and AB Electronics in Wales and will also be made soon et Samsung *Electronics* in South Korea. Current capacity for both versions of the Spectrum is 200,000 computers a month. The new machine is shortly to be sold in France, Italy, West Germany and Spain.

APPOINTMENTS

Bowater Industries senior posts

BOWATER INDUSTRIES has appointed Mr Russell H. Miller to be secretary from November 1. At present senior legal adviser to the group, he will combine these responsibilities with company secretarial matters of both the parent company and its UK subsidiaries. Mr D. A. Rees (the present company secretary) will take up the new appointment of director of public affairs from the same date and be responsible for presenting the progress and prospects of the Bowater Industries group to shareholders and to financial and media audiences.

★

Mr Michael Spence has been promoted to financial director by PRONTAPRINT. He joined the company as a franchise accountant in 1978 and became chief accountant and secretary in 1980 and 1981 respectively.

★

SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY has appointed Mr Gavin Gemmell as a board director. Mr Gemmell joined investment managers Baillie, Gifford & Co in 1964, becoming a partner in 1967; for the last ten years he has been responsible for pension fund and other tax-exempt clients.

★

Mr Philip Jevons has been appointed a director of ACLI METALS (LONDON), the London Metal Exchange dealing arm of Donaldson, Lufkin & Jenrette Inc the New York investment bankers. Mr Jevons was appointed a board member of the LME earlier this year, having previously served as a member of the committee.

Telfer joins Renold board

Dr R. C. J. Telfer has joined the board of RENOLD as a non-executive director. He is currently director of the Manchester Business School. Until recently he was chairman and managing director of Mather and Platt, with whom he will be continuing as non-executive director.

★

Mr Eric L. Cooper has been appointed managing director of DYLON INTERNATIONAL. He succeeds Mr Michael Samuel, who becomes chairman of Dylon and managing director of its parent company, Mayborn Group. Mr Cooper was previously managing director of Joseph Mason, Derby-based paint manufacturers.

★

OLD MARKET SQUARE SECURITIES announces the appointment of Mr Geoffrey C. Bond as chairman and Mr Peter Bertram as managing director. Mr Bond is senior partner of Ashton Hill, Bond, solicitors of Nottingham and London. Mr Bertram, a non-executive director of Commercial and Industrial Securities and of H. N. Barnes Holdings, recently retired from the board of United Dominions Trust.

★

INTERNATIONAL COPPER RESEARCH ASSOCIATION, has announced the appointment of Mr Brian E. Moreton as vice-president and officer of the Association. Mr Moreton, who has been European director of INCRA's London office since 1974, will continue to be responsible for the Association's European activities.

★

AIR PRODUCTS announces the appointment of Mr Christopher J. Ryan to the board. He was previously general manager, industrial gases division—UK.

★

BATH AND PORTLAND GROUP announce the appointment of Mr John C. Owens to the board of Dudley Coles (SW) their specialist works building company based in Plymouth. Mr Owens joined the group in 1968 as a management trainee. He has since progressed through a number of departments and became building manager in 1982.

★

Mr Rob Cragg has been appointed managing director of MOLEX ELECTRONICS, with additional responsibilities for Ireland, excluding manufacturing. He was previously director of international marketing based at the company's headquarters in the US.

★

Mr Robert Anderson will be appointed technical director of CORY SHIP TOWAGE on the retirement of Mr Frank Johnson on November 22, 1984. Cory's chief engineer from 1973, Mr Anderson joined the company in 1966 as a superintendent engineer with Rea, its Merseyside subsidiary.

★

Dr A. C. R. Dreesman, chairman of Vendex International, is to join the board of EMPIRE STORES (BRADFORD).

★

Mr Kenneth F. Roberts has been appointed deputy chairman of WESSEX WATER AUTHORITY from January 1 1985. He will succeed Capt G. F. M. Best whose extended term of appointment expires at the end of the year. Mr Roberts has been chief executive of the authority since its inception in 1973. Before the 1973 re-organisation of the water industry he was general manager of Bristol Waterworks Company.

★

Prof Gerald H. Lawson and Mr Al T. Wright have been appointed non-executive directors of DIETSMANN (UK). Prof Lawson is Professor of Business Finance, Manchester Business School, University of Manchester. Mr Wright retired from BP Eastern as manager, management compnter services and has served as an independent consultant for a number of Middle East oil companies. Dietsmann (UK) is the British subsidiary of Dietsmann International providing maintenance and drilling engineering services to the oil industry.

★

Mr Frank Huish has been promoted to marketing director of ACCESS EQUIPMENT. He was marketing manager. The appointment was made by Up-Right Inc of California, an international company which acquired Access just over a year ago.

★

Mr Stephen H. Margolis has joined the board of ALBION FILMS where he will be responsible for business and legal affairs. He was formerly with North West Securities.

★

Miss Hazel Baron has been appointed to the board of CHRISTOPHER BOSANQUET as director of corporate communications. She was e director of Financial Communications.

★

Mr Jahar Sengupta has been appointed a director of CHLORIDE GROUP. He joined Chloride India in 1953 as a management accountant. He was appointed managing director in

Mr Jahar Sengupta

1970 and chairman in 1983 and will retain both these responsibilities. He is a non-executive director of the main board of the Reserve Bank of India and of the Imperial Chemical Industries company in India.

★

Dr John Ault, managing director of Westland Engineers, has been appointed chairman of the Confederation of British Industry's south west region. He succeeded Mr John Gough, deputy chairman of Kleeneze Holdings. New vice-chairman is Mr Pat Darley, deputy chairman and chief executive of Bridport-Gundry.

★

Mr R. B. Frank has retired as chairman and chief executive of CONCORD INTERNATIONAL (CURACAO) NV, and has been succeeded by Mr Tom Welsh. Mr Welsh is executive director Europe of The Hongkong and Shanghai Banking Corp, based in London. Mr Michael J. Wilson has been appointed chief executive of Concord Internatiooal. He was with Barclays Bank International. Concord International (Curacao) NV, is a subsidiary of The Hongkong and Shanghai Banking Corporation which holds over 70 per cent of shares; other shareholders include Philadelphia National Bank, Banque Worms SA and Nedbank.

★

Mr Peter Richardson has been appointed sales director designate of McCORQUODALE VARNICOAT and will join the company in early November. Mr Peter Brook has been appointed nate of Trapinex. Both are marketing/sales director desig-McCORQUODALE companies.

★

Mr Ian Jones has been appointed sales director of DAF TRUCKS (GB) from November 5. He joins from Austin Rover.

★

...Mr Robin Shelley has been appointed to the board of HERBERT MORRIS, responsible for worldwide sales and marketing. He was with Sparrows. Herbert Morris is a subsidiary of Davy Corporation.

★

MORCEAU FIRE PROTECTION has appointed Mr Robert J. Donaldson as general manager, Aberdeen. He recently relinquished his position as manager, offshore and recruitment divisions with Aberdeen Service Company (North Sea).

★

Mr Brian C. Lewis has been appointed deputy general manager, computer division — NEC BUSINESS SYSTEMS (EUROPE), European subsidiary of the Japanese NEC Corp.

★

Mr J. M. Middlemas will be leaving the partnership of Touche Ross and Co on December 31 to take an appointment from January 1 1985 as an executive director of LIBERTY HOLDINGS with a primary responsibility for the international interests of the Liberty group.

★

CSE AVIATION has appointed Mr Rex Pontin, presently product support director, as managing director of CSE Aviation, a division of the parent company, from January 1985.

★

Mr L. A. Edwards, who has been chairman of STORNO for the past two years, takes over as managing director from Mr Bernard Flashman who will be responsible to Mr Edwards for special assignments. Mr Bjorn Lindgren who has worked for several years with Storno in Sweden, West Germany and the UK, has been appointed technical and operations director.

★

RENELEC, mechanical and electrical specialist in the Lovell Group, has appointed Mr Geoff Crowther as a director. He joined the Horsham branch 20 years ago.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Export Assist

A shared risk in opening up overseas markets

BY TIM DICKSON

HOW DOES a new company persuade customers to take it seriously?

When Christopher Manners and his colleagues set up Rigidon UK 11 years ago the newly formed venture was at least able to point sceptics to the successful American company whose environmental protection equipment it was licensed to manufacture.

But since starting another business just over 18 months ago—this time in the service sector—Manners admits that credibility has been much harder to prove.

The 49-year-old chartered engineer established Export Assist at the end of 1982 because he realised from personal experience that people running small businesses need help. His company is e three-man consultancy which helps clients develop their export sales, specifically through finding, monitoring and supporting agents and distributors throughout the European Community.

"I had been Rigidon's managing director for almost 10 years," he recalls, "but as in any small business I was constantly swept along by the day-to-day pressures, I was involved in every aspect of management and I was forced to wear several hats at the same time.

"Rigidon has done very well in domestic markets but my real interest was in the commercial and export side and because of all my other commitments I never had time to develop this activity. Frankly, it was frustrating."

Manners took the plunge and resigned as Rigidon's chief executive in early 1982 to concentrate on developing his ideas. Appropriately enough, the first contract was with his old company (where he remains on the board as a non-executive director) but he has now found or is in the process of finding a total of 19 agents/distributors for 11 clients.

"The only way I can persuade companies I'm serious is to show that in each case I am putting some of my own money up front. Of course, we insist on being paid a certain amount before we start working but if the job isn't completed satisfactorily Export Assist loses out as well."

Leonard Burt

Christopher Manners: putting up some of his own money

Having said this Manners claims that no prospective client has yet "pooh poohed" his service and that those who decided against hiring him either did not have the money handy or were not quite ready to hegin exporting at the time.

Export Assist offers two distinct services. The first is a glorified form of headhunting, but undertaken only after a thorough study has been made of the client's products, overseas markets, and financial position. "We only deal with technical products," says Manners. "The idea is to build np a picture of the company which can take two to three days. We will not work for clients who are not prepared to take this trouble."

He adds: "It's easy to find any old agent but the acid test is whether he is going to sell the product or range of products effectively."

Manners believes the key to Export Assist lies in the back-up facility once an agent or distributor has been appointed (the final decision, incidentally, rests with the client).

"Essentially we like to become the client's export manager for two to three years. We visit agents once every month to six weeks, find out what their problems are and encourage them to get out and sell. You've got to reach a position where the agent is doing so well he can't afford not to sell your products. You don't do this by staying at home."

Export Assist receives a commission on sales—"if the agent does well, everybody does well"—and promises it will withdraw from the scene as soon as clients feel they can cope on their own.

Manners admits that his biggest competition is probably the British Overseas Trade Board's Export Representative Service, under which companies can acquire through the relevant embassy staff details of potential agents and distributors. Advertising and Chamber of Commerce newsletters are also often used by budding exporters.

Manners argues that while these methods may work out more cheaply if all goes according to plan they are more "hit and miss" than going to Export Assist.

"We charge the equivalent of two visits to the continent to find the right person," he says. "It is around £1,000 for a typical case, of which two thirds is payable in advance and non-returnable. The fact that we are overseas anyway obviously lowers the cost."

Manners believes he is well placed to expand his activities, notably because of the way he has started the business by riding "piggyback" on an established and successful importing agency. "We operate from the same offices, can use all their facilities, and can call on their resources, including staff, if we need to. We even use their receptionists who answer our phone when the office is unmanned. In my experience it's much better than having an Ansafone—that gives callers the impression that you are very small. In the end it all goes back to credibility."

When wider horizons can outweigh equity control

Ian Hamilton Fazey reports on SGS Sonomatic

BILL BROWNE and his three partners did not give the Swiss company that wanted them merely an arm and a leg, but 68 per cent of the equity in the small business they had established.

It is a situation most founders of small businesses would view with horror: many start up so as never to have to work for anyone else again; many stick to loan capital to keep a business "all their own."

Browne says: "We went in with SGS for two reasons: we needed large-scale financial support and security, and the SGS group was a service organisation with a ready-made market."

SGS is the Geneva-based Société Generale de Surveillance, the biggest independent inspection organisation in the world. Privately owned, and formed in 1878, the group has made its living out of quantity and quality checks and related services. It oversees transections and operations to do with buying, selling, trading and transportation of raw materials, commodities and industrial goods.

But it was not for traditional activities like inspection of each year's Brazilian coffee beans that SGS wanted Browne's company. Browne, a design engineer, and Danny Constantinas, a metallurgist, had formed a team with a nuclear physicist and a production engineer to set up Sonomatic, specialising in high-technology, non-destructive testing. They soon found it impossible to go it alone.

That was in 1978. SGS's clout and backing has since enabled Sonomatic to develop a wide range of mechanised and automated ultrasonic inspection equipment.

It is used for tasks like monitoring corrosion on North Sea petrochemical platforms, weld inspection in high pressure pipelines, and in-service testing for microscopic, potentially disastrous faults in nuclear power stations.

Browne, who is both technical director and general manager of SGS Sonomatic (as the company is now known) thinks it unlikely that the equipment could have been developed, or markets attacked so successfully, without getting into bed with a big international group.

Apart from finance running into many thousands of pounds—high-tech R and D is risky, expensive, and therefore unattractive to conventional moneylenders such as hanks—the little company's ethos and direction fitted with SGS and Sonomatic did not have to hear the costs of market development. On the other hand, large companies that do a lot of R and D sometimes find their boffins unwordly, short on commercial nous, and not always comfortable with tight cost controls.

Things can be different when the scientists also have a share of the action. Browne and his partners each kept 8 per cent of the equity, which provided incentive while transferring the bulk of the risk to the majority shareholder. At the same time, that risk was tiny for a group of SGS's size, which has grown by acquisition to 123 member companies operating in 180 countries and employing 12,500 people. World turnover is currently about £374m.

Such an arrangement also gives the small businessman the chance to get out with some funds. SGS wrote the necessary options into the agreement and two of the original partners have used them, one to move to another job and the other to "retire" to academia.

SGS's options, however, include the right to buy out the equity held by Browne and Constantinas. The Swiss intend to do so. But can an alliance founded on mutuality of self-interest continue to work under such changed circumstances, especially with both men only 35 and quite capable of using the money they will get to do something else?

Browne says that more attractive incentives are under discussion and that the company's latest developments make it unlikely that he and Constantinas would wish to bail out. Becoming bigger fish in an ever-bigger pool is part of it: for example, Sonomatic, despite having only £650,000 of turnover, has just taken over a compatible service organisation called Ultratest to form its own £3.2m mini-group within SGS, with Constantinos as group managing director.

But what the two men find even more exciting is the chance to operate in the U.S., exporting unique technology developed by the Atomic Energy Research Establishment at Harwell.

Sonomatic recently won the manufacturing rights to a Harwell invention called Zipscan. It will be made by Sonomatic's 35-strong workforce in Warrington. A key factor in beating off competition was the ability to put the technology into service, so that customers could be offered a total package, not just a chunk of hardware.

The SGS connection has again provided the key in exporting the technology because SGS last year brought United States Testers Inc. of Hoboken, New Jersey, into the group. The U.S. company employs 1,200 and has representatives in every state.

Sonomatic and United States Testers have come to a joint marketing agreement which will be backed by SGS to the tune of $500,000 in the first year. Harwell is seconding a man to the project and Browne will be spending much of the autumn in the U.S. giving papers to conferences and demonstrating the equipment.

One small company could never have done all this on its own, however strong the market forces. Similarly, the large company involved could not have developed the technology without the scientists who had the ideas in the first place. A two-way entrepreneurialism had to germinate and grow, based on mutual self-interest.

It is a lesson that Government, large companies and financial institutions might do well to ponder. The principle will bear a lot of repetition.

A predictable way of avoiding going under

The HOW TO of...

CASH FORECASTING

FOREWARNED is forearmed. This is as true of a company's cash resources as any other aspect of n business. If you don't know how cash is coming in or going out how can yon expect others to support you through a financial crisis; conversely, if yon do, you should expect your creditworthiness to rise accordingly.

Consider the following hypothetical situation:

Lionel Lawrence, manager of the High Street hranch of Barwest Bank, receives an agitated call for help from Albert Curtis of Widget Engineering just as he is about to read the morning post. "I need £2,000 to pay the wages this afternoon," pleads Curtis. Lawrence, long suspecting that Curtis was an unrealistic optimist, tells Curtis to come and see him later that morning.

Turning to his post he finds a letter and enclosures from George Goodbody of Expanding Manufacturers. The nub was in one sentence:

"As you will see from the attached projections, we shall require ndditional funding of £7,500 the month after next. The forecasts indicate that we may expect this to be repaid in full by the end of the following month."

Lawrence surveys the attached analysis sheets and scribbles "Agreed" in the margin of Goodbody's letter.

Meanwhile, Curtis is trying to work out why he has not got the wages money. Widget has been very busy, selling more than it could make, with orders still pouring in.

If he had not had to pay cash on the nail for extra raw materials (one day he really would get down to sorting out his stock control) and if Hoskins Assemblies had settled its account on time, he would have been quids in.

About nine out of ten small companies that fail are run by people who behave similarly. Such companies go under not because their goods are not wanted but because they have sold too many of them. They may be very profitable but all their cash is tied up in stocks and in money owed by customers, so they cannot raise enough for today's bills.

This is known as over-trading. It can be avoided largely by preparing simple cash forecasts and keeping them up to date on a rolling basis. Every month you should forecast cash in and out for three months ahead. This should be near enough to be predictable and should be regarded as a crucial management tool.

The technique is to list the receipts you expect to receive and deduct from them the payments you know will be due. List your customers and write down under the appropriate month when you think they will pay you. Do not kid yourself: base your forecast on order date and paying record and do not expect leopards to change their spots. Slow payers will inevitably always be that, especially if they are big companies.

List your costs underneath the lines of totalled receipts, remembering to include quarterly items such as fuel or phone bills and half-yearly ones like rates. Then do your sums. Will you have enough cash each month or not?

Whatever the case, the forecast will be wrong because you will start reacting to it. It may prompt you to chase up slow payers or defer some payments until your creditors start chasing you. It is because such forecasts are out of date as soon as they are made that many managers cannot be bothered to do them.

But good managers, like George Goodbody, use them as a tool. When they need to ask their bank manager for help they can do it well in advance and without ringing alarm bells.

IHF

THE ARTS

The Royal Academy/William Packer

Baron Thyssen's triumphant one man show

The very idea of great works of art, indeed of art of any standing being held in private hands, seems rather to touch the collective nerve in a democratic age. No matter that the particular owner may have been sure of his taste, sound in his judgment or fortunate in his opportunities, or that he should be most open and generous in his subsequent policies of loan and access: whichever the case, always it will be one of wonderful things kept more for private delight than public good.

How unfair it is: but the example of the dog in the manger was never the most edifying, and a moment's pause shows us just how silly it is. For the logical extension of that envious reflex into principle would argue the state as the only legitimate patron, which is a role it has always been, and is ever likely to be conspicuously reluctant to take on. National Art Collections Funds, Contemporary Art Societies, National and Heritage Trusts do not grow up unnecessarily but by default. Where are the Chatsworth Drawings now, that might so easily have been shared among the country's museums, we might ask ourselves, or Turner's Folkestone, or the Lawrence Collection for that matter, which we were offered 150 years ago. Our public nature does not change, and in the meantime it is far better that such things should be safe and treasured, wherever they fetch up.

There is a further, perhaps even more fundamental a point to be considered. All art is new art once, and there must always be a first patron who, by the very nature of things, is rather more likely to be a private person than a public institution; a circumstance more to be celebrated than regretted. The best of our public collections are fine and necessary things, representative, comprehensive, thoroughly worthy; but there is always a certain remoteness, sterility, impersonality. Art is nothing if it is not part of life, and nothing is potentially more lively than an idiosyncratic and particular choice.

Naturally we look to what others have on their walls, and always it is exciting and rewarding to come upon something great and special and unexpected in the ordinary way. I have always felt, therefore, that a period in private hands is desirable, even necessary for any work of art, however great or important, or obviously destined for the museum it is; for then it is that by some mysterious process of intimacy and familiar contact it is charged up and activated, and brought to life. All artists know that public collection does their reputation no end of good, but they want their work to be loved as well.

Baron Thyssen-Bornemisza inherited from his father a share of a magnificent collection of Old Masters, but one that by personal interest and prejudice barely extended beyond the 18th century. His first concern was to reconstitute it, by buying back from his brothers and sisters their portions of it, and then slowly to extend it. But it was only about 20 years ago that at last he broached the 20th century; and not the least astonishing feature of the selection from this modern collection that is now on show in Burlington House (until December 19), under the sponsorship of Mobil, is the demonstration it makes that it is still possible to match range of interest to work, item by item, of the highest quality.

There are gaps, of course—a show of the Baron's modern American works is currently on tour in America, and it is unclear how far the small group here offers a true model: Hoffman, Pollock, a standard Rauschenberg, a splendid late Stuart Davis, and one of the most important of all Hoppers, the large Hotel Room of 1931, hung alongside contemporary and related European realism and expressionism. The room to post-war British figuration is as partial as it is excellent and intriguing—fine early and late Andrews, a good Spencer, several splendid Freuds including the most recent acquisition shown ex-catalogue, a distended self portrait of the 60s; good recent Kitaj, yet an indifferent Auerbach and an ordinary 60s Bacon. There is no modern British abstraction shown at all, and again one wonders if this is true of the collection as a whole.

But why should there be: again and again it is at points like this, or faced with particular enthusiasms we cannot share (Wyeth, for example and Dali), that we confront and must accept the bald fact that this is before else a personal collection, and therefore idiosyncratic and unbiddable. Nor was it ever brought together to be shown in this way. The spaces of the Academy are large, the hang is general and open, and certain conclusions may be adduced, cross references made, that were never thought of in the purchase. These paintings hang in the usual way of things in the more particular furnished spaces of daily domestic life, and for the Baron to see them here is to see them almost as we do, and certainly to see them afresh.

That more general opportunity, however, is rather more his than ours. The privilege we share is the experience of particular masterpieces, one by one, for all that they may together embrace the whole history of the modern movement. And taken thus, one by one, they read us that most salutary lesson: that one response does not exclude another, that the appreciation of art of one kind is more like to complement than deny another.

'Twice Hilde II', 1923, by Karl Hubbuch, and Max Beckmann's 'Quappi in Rose,' 1932-34

Baron Thyssen's first modern interest lay with early German Expressionism, most notably with Kirchner and Schmidt-Rotluff, but that was soon teased sideways to contemporary Cubism, Futurism, Constructivism and Suprematism, and back to Fauvism and beyond. This show takes us back indeed to the 1870's and High Impressionism, and if for nothing else, would be memorable for the great Degas, with his two girls at the *Milliner's Shop*; for an exquisite Cézanne tree; a Lautrec redhead; a winter river by Monet; Pissarro; Sisley—and that is only the first room.

Ahead are Van Gogh and Gauguin, and the Fauves, and a wall of Cubism, with a wonderfully complementary pair of analytical musicians, Braque and Picasso almost but not quite indistinguishable. Off to one side is a room full of suprematism and constructivism, which includes a definitive pair of Mondrians, middle and late (a lovely early grey abstraction upon a tree is elsewhere), the one quite small and the simplest of grids with red and blue, the other a larger canvas from his last, ebullient period in New York, the surface articulated by coloured tape.

So on and on come Nolde, Bonnard, Feininger, Leger, Jawlensky, Chagall, Schwitters, Ernst, Schiele, Balthus—but there is little point here in rehearsing the catalogue at length. All I shall say is that the wall to which I found myself repeatedly drawn back carries not the earliest but the later expressionism, and the newer realism, the Neusachlichelt of the twenties and Weimar Germany—a lovely and deceptively relaxed portrait by Max Beckmann of Quappi, his second wife; a run of portraits of remarkable presence and intensity by Schlichter, Henrich, Dix and Schad—Schad perhaps most notable of all, whose lamp-lit portraits stick oddly in the mind. And in the corner is a large and extraordinary painting by Karl Hubbuch, of two women full-length and somewhat distracted, which is a graphic tour *de force*. Such works as these have resurfaced critically only in the past ten years or so, and it is fascinating to see a discriminating collector respond so positively, making an intuitive connection perhaps with what he already held, most especially the English painting of a rather later period. It would seem that it is with the figurative tradition of northern Europe that Baron Thyssen is most at home.

New York Theatre/Frank Lipsius

A lot of little things

Little things mean a lot to the playwrights represented at the outset of the new season on and off Broadway. Actress-turned-writer Molly Newman stitched the bits of the scrap material in quiltmaking into a play that originated as en auditioning script. Written with Barbara Damashek, who also directed the production, the resulting musical at the Jack Lawrence, *Quilters*, celebrates the pioneering spirit of women who coped with the desolate western plains by piecing together the blankets that represented occupation, therapy and worldly wealth.

While the quilts give a visual as well as thematic focus to the show, there is none of the quilting women's passion for organization in the hoe-down music and random comments of worthy but dull women that passes for a script. Originally produced at the Denver Centre for the Performing Arts, the musical failed to grow in conception as it grew in size, with the result that the seven actresses acquire no identity to match the texture of their work.

David Rabe's *Hurlyburly* at the Ethel Barrymore sees value in nothing but the baby a father steals from his estranged wife. Everything else in the rambling, restless and at times searing play is trashed by middle-ageing Californians whose lives are consumed by drugs, sex and envy of writers or actors who are actually working.

Director Mike Nichols puts some shape into the messy indulgence of a script with an all-star cast stuck with monologues relieved by characters slapping each other on the back and traipsing from living room to kitchen and upstairs in Tony Walton's functional middle-class jungle-hut set.

Until Judith Ivey's entrance in the second act, the women, played by Sigourney Weaver and Cynthie Nixon, are unappealing examples of the men's misogynist fury, while Ron Silver and William Hurt interact as intelligent but childish room-mates in a contemporary variant of the odd couple, though Harvey Keitel and Jerry Stiller as friends passing through take the male-bonding rituals to excess.

The little thing in *Blue Window* is a missing tooth, in Craig Lucas's story of a dinner party in which the hostess breaks her front tooth as guests are about to arrive. Showing the first discernible influence of music videos on drama, the play at Theatre Guinevere follows the guests in their preparations for the party, with snatches of music and little habits approximating the changing scenes of a rock video. The party conversation gets bogged down in an author's bragging, a psychologist's evasions and a musician's taciturnity, but the hostess's boyfriend keeps the evening moving, with the tooth a running gag throughout.

The little thing of Rop *Master Ronnie*, a "partisan revue" at the Village Gate, is the capability of the American President, who is mercilessly parodied in songs like *Nine to Twelve*, about Presidential working hours. The mindless ambition of the 1980s generation also gets its share of abuse in the funny hour-long production that is more notable for cartoonist Garry Trudeau's clever banterling lyrics than Elizabeth Swado's versatile but mundane tunes.

William Hurt and Sigourney Weaver in 'Hurlyburly'

Rozhdestvensky/Barbican Hall

Max Loppert

It has been a while since Gennady Rozhdestvensky made his last London appearance, as chief conductor of the BBC Symphony Orchestra. His return, this time to lead the London Symphony in three Barbican concerts (and also to conduct *The Nutcracker* for the Royal Ballet), is very welcome; for in the right music his gifts are demonstrably unique, and still exhilarating to encounter. The programmes of these three LSO concerts are largely popular, and very largely Russian; a conductor whose virtuoso technique is the product of relaxed, spontaneous, expansive musicianship can be counted on to distinguish them from the routine run-throughs which are their usual fate.

Certainly, there was no sense of routine about Sunday's concert. Each of the works therein, the Rimsky-Korsakov *Capriccio espagnol*, the Prokofiev *Lieutenant Kijé* Suite, and the Chaikovsky Fourth Symphony, came up fresh, colourful, and full of original (but never egregiously insistent) detail. Rozhdestvensky possesses the knack of striking a tempo a degree or two slower than the traditional response to the score marking, which in the Rimsky showpiece and in the Prokofiev suite made an effect of delightfully deadpan wit; it also encourages broad phrasing and a warmly unstrained orchestral sonority.

Strangely, the LSO responded to such encouragement with less than its surest virtuoso form — though this orchestra was, after all, Rozhdestvensky's first London concert link, it clearly takes more than a single concert for the link to be firmly re-established. Wind and especially brass solos were scruffy and accident-prone throughout; when the violins came to dig into a big unison melody, intimations of back-desk "passengers" were rather too apparent for comfort. Such flecks and flaws failed to spoil a magisterially broad reading of the symphony after the interval, the kind that draws the drama out rather than instantly imposing it. But what an erratic orchestra this now is!

In Monday's Muldowney review, a missing word reversed the sense of a crucial sentence: "one is left in doubt" should have read "one is left in no doubt" that the period flavour of the concerto is relished.

Gilels/Festival Hall & St John's

David Murray

Since Russia is particularly reluctant these days to permit its musicians to travel abroad, we are particularly fortunate to have had another visit by the pianist Emil Gilels. On Sunday he appeared with the Philharmonia Orchestra to play Chaikovsky's First Concerto (which, after all, had its première in the West), and yesterday he gave a BBC Lunchtime Recital in St John's, Smith Square. He was in leonine form, trivial (but numerous) finger-slips notwithstanding.

He gave a towering performance of the evergreen Concerto, as formidable and big-boned as expected, but ethereally tender in the Andantino semplice. It is not easy to explore so many expressive facets of the work without reducing its scale in some passages. Gilels made light of that problem, of course, and also surmounted the challenge of sounding freshly committed in a piece that he must have played in uncountably many concerts. He was efficiently abetted by the Philharmonia under Paavo Berglund; one or two differences of opinion were swiftly ironed out by left-hand signals from the pianist. The concert was completed by a brisk Beethoven Seventh, also very efficient (if a bit faceless), with the Finale excitingly whipped up.

Monday's solo recital gave us a fuller view of the artist. He offered a group of seven Scarlatti sonatas in a variety of moods, and Debussy's *Pour le piano* suite with "Reflets dans l'eau" as encore. His Scarlatti is nttery individual; lavish use of the pedal, such as few up-to-data Western pianists would dare to emulate, but little else that one would call "romantic" — Gilels affects no period manner of any kind in the music, but simply explores it with searching devotion. Though he delivered the last of the sonatas with glinting brilliance, he rarely emphasised Scarlatti's keyboard-tricks. Instead he found astonishing polyphonies in the pieces, picking out hidden voices in unexpected places, and varying the repeats with marvellous spontaneity.

His *Pour le piano* was a sumptuous affair, indeed opulent, as if it had never occurred to him that some of Debussy's effects have faded over the years. The most original things in the harmony—especially the Satie-inspired cadences of the Sarabande—had the power of sonorous revelations. One wouldn't have guessed that such unapologetically grand treatment of the suite could convince—but it did, ringingly.

Saleroom/ Antony Thorncroft

Sotheby's autumn sales of Islamic art made a good start yesterday morning, with manuscripts and miniatures totalling £229,856, with just 5 per cent unsold. The top price, and ebove the high estimate, was the £71,500 paid by the London dealer Michael Goedhuis for a Mughal portrait of an elderly scribe painted in 1615 by Farrukh Beg, the outstanding court artist of the period.

Goedhuis also paid £29,700 for a late 17th century illustration of the Lord Krishna from the Rasamanjari. Two ragamala illustrations of around 1700 donbled their estimates at £11,000 and £10,450 respectively, while a portrait of around 1780 of Raja Prakash Chand, end an Ottoman black, morocco pen box, both far exceeded their estimates, selling at £7,700 each.

In the *afternoon session* manuscripts did exceptionally well. A Qur'an of the lete 16th century, probably from Alexandria, and from the estate of the late King Umberto II of Italy made £44,000 to Meggs while a Qur'an section of 1517 from North India was bought by Khalili for £49,500.

Other high prices were the £28,600 from Maggs for a blue vellum Qur'an leaf of the early 10th century; £26,400 (three times forecast) for a Qur'an section, Ottoman, of the 16th century; £25,300 for an illominated Ottoman firman of Sultan Murad III (1574-95); and £24,200 for a Qur'an from Persia, late 16th eentury.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Oct 12–18

PARIS

Macbeth conducted by Georges Prêtre in Antoine Vitez' new production with Renato Bruson alternating with Franz Grundheber in the role of Macbeth and Shirley Verrett alternating with Ghena Dimitrova in that of Lady Macbeth. Paris Opéra (7425750).

La Zarzuela – An anthology created and produced by Jose Tamayo at the TMP-Châtelet (2334444).

WEST GERMANY

Cologne Opera: The highly acclaimed television production of La Gazza Ladra, sung in Italian, returns with Alberto Rinaldi and Janice Hall. Tosca has Maria Slatinaru outstanding in the title role. Die verkaufte Braut, produced by Rudolf Noelte, has Hans Protschka making his debut as Hans. (20761).

Frankfurt, Opera: The Magic Flute has Cheryl Lisker as Queen of the Night. Der Wildschütz is conducted by Volkmar Olbrich. There has been much applause for Capriccio with Helena Döse and Dieter Weller. Ein Maskenball has Rosalind Plowright brilliant in the part of Amelia. (25621).

Munich, Bayerische Staatsoper: Don Pasquale is worth a visit with Julie Kaufmann and Paolo Montarsolo. (21851).

LONDON

English National Opera, Coliseum: The new production of Madam Butterfly, though overdetailed and sometimes rib-nudgingly irritating, shows strong determination to show the old warhorse in a striking and often harsh new light. Janice Cairns takes the title role, John Mauceri conducts a wonderfully lyrical and fluent account of the score. The Manon revival introduces Frances Ginzer and Anthony Rolfe Johnson as Massenet's principals. The Barber of Seville has the sturdy, well-tried leading trio of Alan Opie, Della Jones and John Brecknock. (8363161).

Sadler's Wells, Rosebery Avenue: The Lar Lubovitch company from the U.S. starts a season on Tuesday. (2788916).

NEW YORK

Metropolitan Opera (Opera House): The premiere of Jean-Pierre Ponnelle's production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel highlights a week that also includes James Levine conducting August Everding and Ming Cho Lee's production of Lohengrin with soprano Anna Tomowa-Sintow and tenor Placido Domingo; Nello Santi conducting Rigoletto; Neeme Jarvi conducting Eugene Onégin; and Julius Rudel conducting Otto Schenk's production of Les Contes d'Hoffmann. Lincoln Center (3626000).

Next Wave Festival (Brooklyn Academy of Music): Meredith Monk and Ping Chong collaborate on a mixed media science fiction work called The Games to inaugurate this year's festival. (6364100).

CHICAGO

Lyric Opera (Civic Opera): The company's 30th season opens with Eugene Onegin conducted by Bruno Bartoletti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production of Arabella with Kiri Te Kanawa in her local debut and Ingvar Wixell as Mandryka, conducted by John Pritchard. (3322244).

VIENNA

Staatsoper (5324/2655): Tosca conducted by Stein with Aragall; The Barber of Seville; Lulu conducted by Schirmer with Fassbänder, Adam, Zednik; premiere of Krenek's Karl V conducted by Leinsdorf with Reich, Armstrong, Janowitz.

Volksoper (5324/2657): Die Fledermaus conducted by Bauer-Theussl; Hello Dolly conducted by Bibl; The Merry Wives of Windsor.

NETHERLANDS

Amsterdam, Carre Theatre. All week (except Mon) the acclaimed National Ballet production of Romeo and Juliet, choreographed by Rudi van Dantzig. The title roles are danced by Jane Lord and Barry Watt / Alexandre Radius and Jenny Jurriens / Jeanette Vondersaar and Lindsay Fisher. Sun and Wed are matinee performances only (14.00). All other days (8.15pm) start. (225225).

Film Festival / New York

Frank Lipsius

Despite the varied sources of entries for the New York Film Festival, American distributors make e special effort to be included, especially with films with less than obvious mass appeal. Sergio Leone's nearly four-hour new epic, *Once upon a Time in America*, takes a nostalgic view of a Jewish gang in the 1930s. Though it has major names like Robert De Niro, Elizabeth McGovern and Tuesday Weld in it, the length, subject matter and leisurely explored plot gave Warner Bros good reasoo to include it in the festival. The very complexity of the story, with flashbacks to various periods in the principal characters' childhoods, makes the film appropriate here rather than as a successor to *The Godfather* or even the director's earlier Italian westerns.

More straightforward – and also more dependent on finding an audience at the festival – is the thoroughly American documentary, *The Times of Harvey Milk*. The documentary, narrated by playwright and actor Harvey Fierstein, uses news footage and interviews to explore the career of San Francisco's avowed homosexual politician, who was assassinated with mayor George Moscone in 1977.

A charismatic figure who both inspired and rode the wave of gay political action, Milk was killed by a fellow San Francisco supervisor who tried to be reinstated after abruptly resigning. Milk and Moscone opposed the reappointment, though director Robert Epstein's careful, elegiac film notes that Milk had long suspected that he might be the target of an assassin.

Besides including well-known directors like François Truffaut with *Two English Girls and the Continent*, the festival is following careers of American independent film makers previously represented. Victor Nunez's *Gal Young 'Un* was shown in 1979. His second feature, *A Flash of Green*, is in the festival this year. Based on a John D. MacDonald mystery set in West Florida, the film teeters uneasily between Nunez's independent approach and the obvious commercial element of the story.

Ed Harris stars as a local investigative reporter torn between his own conservationist feelings and the chance to make a lot of money supporting property development in the bay on the edge of town. The ease with which be takes a bribe belies the supposed ambivalence, but the film burrows further into the plot through short scenes of bewildering variety. Though mysteries tend not to be frivolous, they are expected to keep up a fast pace and remain aloof from this film's tendency to be portentious and deliberative.

Missiog from the festival this year are any Third World productions, with all the films coming from Australia, Europe and America, apart from Brazilian Nelson Pereira dos Santos' *Memories of Imprisonment*, based on a 1930s novel by Graciliano Ramos, and an uncut version of Kon Ichikawa's 20-year-old *Tokyo Olympiad*.

Lennart Hjulstrom's *A Hill on the Dark Side of the Moon* is a Swedish film with an elegance deserving of its 1880s setting. Based on a real romance between a precocious feminist and scholar, both Russian refugees in Stockholm, the film reflects the reserve of the times and the hesitancy of the couple to commit themselves to their surprising attraction to each other. This first feature film for the director of the People's Theatre in Gothenburg shows a sure touch in exploring the story, though it could move more expeditiously toward the couple's inevitable union.

Little restraint is evident in Maurice Pialat's *A Nos Amours*, which supposedly observes pubescent love in a French summer camp when it in fact seems embarrassingly stuck on the film makers' fantasies. Sandrine Bonnaire's ripe and youthful attractions encourage the camera to focus on what, in another setting, would be considered soft porn, but in the wholesome setting of the New York Film Festival passes as just another French entry.

Bob Hope / Dominion

Antony Thorncroft

It is nonsense to say that the western world does not revere old age—any entertainer who keeps going beyond aeventy is certain of an ovation from his audience; if you make eighty you get a standing ovation. Ask Bob Hope.

Not that be did not deserve it on Wednesday night. For around an hour he coolly delivered one liners with the precision of a gatling gun and if many made you smile at meeting again an old familiar friend some were newly minted. Bob Hope cannot need the money: he is working because be enjoys his public and bis public was obviously very happy to see him still looking spruce and sounding sardonic.

Most of his routine is bnilt around his ege—he is now eighty. He tells of sitting with that other octagenarian comedian, George Burns, in Los Angeles, holding hands and trying to contact the llving: he slngs of doing "for Farrah Fawcett what I did for Lilian Gish"; he says he might visit Soho after the show—"lo window shop."

Not surprisingly in sucb company some of the jokes, too, carry the respect of age. The man with the deaf wife (and eighteen kids) who every night asks her "do you want to go to sleep, or what?" must bave a music hall provenance, but delivered as part of an unstoppable flow, wbat does it matter. There was one quick look at a crib to see how his memory was doing—"I got it alt in" be says with amazed pride—but for the rest it was a considerable achievement for experience and charm, even if the necessary eoocentration meant that some of Hope's traditional cheeky exuberance has gone.

There was the odd gay joke to show a contemporary side. Golf got more than a mention, as did rellgion, obviously now a relevant topic for him. He was gentle about Reagan, avoided any local political asides, and once or twice included American references beyond a British audience.

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The war of the car exhausts

THE WEST GERMAN cabinet has stirred up a hornets' nest with its decision to force motor manufacturers and importers to make their cars environmentally more acceptable from 1988 onwards. It intends to limit permissible exhaust emissions to such an extent that, in the present state of technology, catalytic converters will have to be fitted to new cars before they may come onto the road.

The converter, which filters harmful carbon and nitrogen compounds from the car exhaust, adds to the weight and cost of a car and cuts performance. Environmental requirements in the U.S. and Japan already entail the use of converters. The work of adapting cars to take converters has therefore been done in those countries.

The case for the German decision is that the carbon compounds in car exhausts are dangerous to man and that the nitrogen compounds, by a complicated process, contribute to the dying off of trees in many European forests. Uncertainties attach to all available research in this area, but the weight of evidence has shifted recently, implying that car exhausts, not sulphur emissions from power stations and industry, are ravaging the woods.

Criticism

On the other side of the case the arguments are that no incontrovertible scientific evidence exists as yet; that the technology of the catalytic converter will soon be overtaken by a more satisfactory "lean burn" engine with cleaner exhaust emissions; and that by going it alone the Germans will be splitting the car market within the EEC. The Community so far has been planning to reduce noxious emissions in the 1990s, when lean burn engines will be available.

It is not easy to accept the criticism that the German move will erect a non-tariff barrier within the EEC. The ruling applies to the German motor industry no less than to importers. Moreover, the German industry has chosen to build up its competitive position on the strength of car performance. Fitting converters could damage that image.

More weight attaches to the argument that the Japanese, who already have to fit the converters to cars sold at home, will reap the benefit of the German decision. But it is not consistent to plead for open markets and at the same time to object to the Japanese reaping the benefit of the work they have done on catalytic converters.

Deadline

The most worrying prospects that the German decision will split the EEC motor market. The Community must make a determined effort to get back into step. Domestic pressures may have made Bonn move hastily; but the others should consider whether they, in their turn, are moving too slowly. The best way to clean up exhaust emissions is to set industry a tight but realistic deadline.

In the meantime, Bonn could demonstrate its concern for the woods by limiting speeds permissible on the Autobahns. The fact that such a limit could help the trees is not seriously in dispute, though the extent of the benefit to be gained is. A speed limit would fall immediately on all cars, instead of being phased in slowly as people replace their old cars with models carrying converters.

Competition wins

THE PROPOSAL by British Telecom and IBM to set up a joint venture in the UK to provide managed data network services presented the Government with an important — and very difficult — early challenge for its telecommunications policy. In turning the scheme down, it has passed the test.

The project was aimed at that exciting area of technology where telecommunications services converge with computer systems. BT's lines would have been used to transmit and process data between the computers of IBM's customers, offering scope for advanced new services in activities like banking, insurance and retailing.

BT argued a strong commercial case. Many of its subscribers already use IBM computers, and a combination of the two companies would have guaranteed a strong British presence in what promises to be a major business worldwide. The joint venture would have been operated as an arm's length subsidiary, and all parts of the electronics industry would have been guaranteed equal access to its systems.

Yet the Government's decision is welcome, for two reasons. One is that the project would have combined the two major potential entrants to the market, which otherwise would have been expected to enter the business separately and provide competing services. The combination of a near monopoly telecommunications company with a dominant computer group could have been a significant deterrent to market entry by other, less powerful operators.

Moreover, the Office of Telecommunications (Oftel), the recently created regulatory authority, was known to oppose the scheme for competitive reasons. Oftel has a crucial role to play in implementing telecommunications policy in the UK. Its authority would have been jeopardised if it had been knocked down at its first hurdle.

Mr Hattersley's plain speaking

WITH Sunday's Aneurin Bevan lecture on unemployment, Mr Roy Hattersley, the Shadow Chancellor, has taken a major stride towards developing an economic policy for Labour which is internally consistent and intellectually honest.

Mr Hattersley has confronted squarely the potentially fatal flaws in standard Keynesian prescriptions for job creation. It may be less than startlingly original to acknowledge that a future Labour government could not "live in isolation from either the laws of arithmetic or the other trading economies of the world." But in analysing the three constraints—imports, investment and inflation—which could limit or eliminate entirely a Labour government's freedom of manoeuvre, Mr Hattersley has come well beyond the coded platitudes which the Labour leadership has been employing for five years now, in its fear of alienating the trade unions and the party's lunatic fringe.

Departure

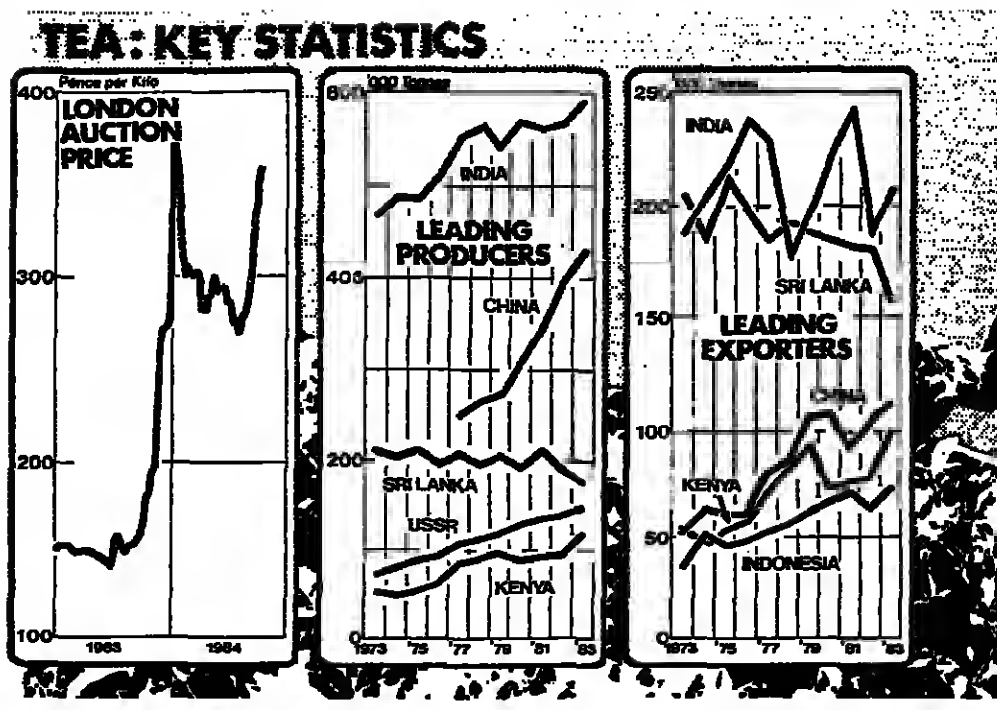
Three phrases in particular stand out in this speech which could turn out to be pointers to a new direction in Labour thinking. These are "co-ordinated international expansion," "high profit economy," and "agreement on incomes."

Mr Hattersley's plain speaking about incomes is potentially the most dramatic new departure. Not only does he acknowledge that "a mad scramble for money wages" would prejudice Labour's drive to cut unemployment, but he points out that free collective bargaining fits much more logically into the framework of a free market capitalist system than into the kind of democratic socialist economy which the Labour Party wants to see. Mr Hattersley even admits that workers with secure jobs and above-average earning power have done relatively well under five years of Conservative rule and free collective bargaining. It is the low-paid, the unskilled and the young who have lost out.

Mr Hattersley's attack on Labour's sacred cows does not stop at free collective bargaining. High profits, too, must be a part of any serious prescription for a socialist economy; for without profits there can be no investment and without investment high-paid, high-productivity jobs must remain a chimera. A Labour Party sharing Mr Hattersley's vision would also recognise that even if devaluation and import controls proved possible to implement, Britain's success in combating unemployment would depend crucially on co-ordinating its reflation with policies in the rest of the world.

Mr Hattersley's realism does not, of course, imply that his policies would work in practice. His vision is of an unmistakably socialist economy, in which government and trade unions play a role far larger than any they have attempted in recent years, even under Labour administrations. This may not be a prospect which will commend itself to large sections of the British electorate. But at least there is a chance that at the next election Britain will face a choice between two coherent economic programmes.

WORLD TEA PRICES



Graham Lever

Suddenly, India decides to change the rules

By Ian Hargreaves

SINCE late last year it has been evident that something, perhaps something fundamental, has changed about the Indian tea business as it struggles to meet booming domestic demand without losing valuable export earnings.

The first sign of change came on Christmas Eve, when the Government announced a ban on the export of the main Indian tea—CTC, or crush tear, curl, the blackened leaves of which have been a mainstay of India's trade with the West for 150 years.

That ban ended in May, only to be followed last month with a new ruling, which limited overall tea exports this year to 215m kg. This compares with 241m kg of tea exported in 1981, 189m kg in 1982 and 205m kg last year. Now, the Indian Government is considering a permanent regime of monthly export quotas, which could come into effect in January.

The effect of these restrictions, inevitably, has been to drive up world tea prices. The average London tea auction price reached a record 317p per kg in January, subsided as the ban eased and is now climbing again. In British supermarkets, a 125 gramme pack of PG tea was 38p in December and 48p in February. Brooke Bond says it is "reviewing prices from day to day"—normally corporation-speak for an imminent increase.

This pressure on prices has occurred despite the fact that India is well past the half-way mark in gathering a record tea crop, which is expected to weigh in at around 625m kg this year—6 per cent up on 1983. *The Kenyan tea crop, however,* has been affected by drought.

But the oddest aspect of the last nine months has been the break from normal Indian Government behaviour during a tea price surge. What the industry expected was for the Government to impose a special tax on exports to boost foreign exchange earnings, as it did in the last boom, in 1977. The fact that this did not happen indicates that this time the Indians have a more serious and longer range purpose.

The most obvious explanation for India's behaviour is that with an election due in the next few months, Mrs Gandhi is keen to control food prices, which are always an emotive subject in a country where even the young can recall scenes of famine and starvation. Tea or "cha" as the Indians once taught their colonial masters to call it, may not fill bodies with protein, but tea-drinking has become a habit even in villages far from tea gardens. As India's population continues to climb, so does domestic tea consumption. Between 1977 and 1983, Indian consumption rose by 36 per cent. The country's tea production in the same period *increased by only 6 per cent.*

These two trends have opened up the alarming possibility that India, with China, the originator of the tea industry and still the producer of 30 per cent of the world's tea, might in time become a net importer. If that were to happen, the balance of payments consequences would be serious. Even in a poor year like 1982-83, when tea prices were low, the gardens contributed 4.2 per cent of India's exports. In a high price year, like 1977-78, the figure was 10.5 per cent.

It is this fear that tea will waste away as a source of foreign exchange earnings which underlies the change of attitudes in Delhi. The Government has been persuaded that it must at the very least seriously examine the strategic difficulties facing the industry if it is not to kill the goose that lays the golden eggs. At the same time the industry, from its financial heartland in the crumbling elegance of Calcutta, has been keeping the printing presses warm with pamphlets and blueprints for the industry's future. India's two export restrictions are the most concrete results so far of this new dialogue between Delhi and Calcutta, but there may well be more to come.

The explanation of how India *found itself* with a tea industry incapable of keeping up with domestic consumption patterns lies deep in the country's history.

Organised tea cultivation was started in Assam by the British. Until India introduced its foreign investment laws in 1973, ownership of the gardens was dominated by British companies, just as the world trade in tea was centred upon an auction room in the City of London.

Since 1973, containerisation and direct sales contacts have undermined the London tea auctions and Indian interests have taken control of the major Indian tea companies. Even companies with obvious British roots, like Brooke Bond India, have 60 per cent Indian equity. The typical Indian tea company today is, like the largest, Tata Tea, part of an Indian-owned industrial conglomerate. The only slight deviation from this pattern has been the growing stake in tea of UK-based Indians, like the group run from London by Mr Swraj Paul. Mr Paul's younger brother, Mr Surrendra Paul, runs two major Calcutta-based tea companies—Assam Frontier and Empire-Singlo.

Because of its history, tea growers have frequently been suspected of enjoying large profits, too easily made at the expense of consumers and low-paid workers.

The gradual Indianisation of the industry in the 1970s did not automatically put an end to such suspicions and those who lobby for the tea growers in Delhi are still nervous that the Calcutta-Delhi axis remains fragile. But there is increasing confidence that the Government and the growers have at last recognised their common interests and are working together to pursue them.

One side of this coalition of interest is the Government's desire for both stable domestic tea prices and maximum foreign exchange earnings. The other is the tea companies, search for a fiscal and international commodity market background which is less cyclical and which encourages greater re-investment in tea. According to the tea growers, draconian taxation regimes — amounting to 70 per cent in Assam — have bled the industry, encouraging growers to stop using fertiliser when prices are low and not to invest in new plantations or rejuvenation of existing tea bushes.

> Tea growers have often been suspected of enjoying large profits, made all too easily

One upshot of the new dialogue between Calcutta and Delhi has been a series of Government moves, not resisted by the industry, to crack down on invoicing fraud and to increase domestic price transparency by encouraging the use of public autions. In return for cleaning up its image, the industry has found sympathetic listeners inside the Commerce Ministry for its ambitious objectives for tea in India's seventh national plan, which will cover the 1985-90 period.

The idea is for the Government to concede that the tea bush, which has an economic life of 40 to 50 years, is an industrial asset which should attract a depreciation allowance. If granted, the industry would agree to place the cash generated in a development fund to replace worn out bushes, to plant new areas and to irrigate plantations which need it. At a cost of $900m—through a mix of soft loans, depreciation allowances and other internally generated funds—the industry says it can raise production from 625m kg to 766m kg by 1990, and exports from 215m kg to 257m kg.

Details of this deal have yet to be agreed at the highest political level in Delhi and remain vulnerable to the argument that the tea growers are fat cats not suitable for support in an election year. The answer will be known by February, when the final version of the seventh plan should be published. As an earnest of good intent, however, the Government has launched a support scheme for the declining plantations of the Darjeeling area, which produce premiums — so-called "orthodox" teas popular with the Soviet Union and the Middle East.

But the Indian strategy, as it exists in the minds of senior Government officials and men *like Mr Jagdish Khattar,* the eager, young chairman of the Indian Tea Board, goes beyond central production planning targets. As they see it, the objective is to lead the tea growers into parts of the tea business with greater potential for adding value—packaging and tea-bags, for example—and to use India's muscle internationally to ensure that the world price of tea stays high.

"We have not received fair prices in the past," says Mr Khattar. "This is not in the long-term interest of either producer or consumer."

Mr Khattar sits at a desk surrounded by packaged tea displays bearing labels like "Bentleys Tea," which is in fact an Indian produced and packaged brand sold in the Middle East. His aim is to see the Indian producers, instead of selling bulk tea to foreign blenders like Lipton, Brooke Bond and Cadbury-Typhoo, marketing their own packaged tea direct to retailers. Although he *acknowledges the formidable* power of the Western tea majors in markets like the UK and the U.S., he believes that the Indian industry has embarked on a path from which it will not be deflected.

Several companies, including Tata, are pursuing the value-added approach, diversifying into tea-bags and instant teas, but not all Indian tea men are convinced. "The producer will never be successful in this value added tea," says Surrendra Paul. "Where you have the mentality of the agriculturalist, it cannot be put together with the mind of the highly complicated marketing man. It is not possible to shake Brooke Bond and Typhoo. They are very strong."

In any case, says Mr Paul, the tea companies can prosper simply by more aggressive management, and by investing in growth so long as the world is short of tea and prices are high. "High prices, these are the best fertilisers," he laughs.

That, of course, is a truism for all commodity producers at all times. The trick is to find a way of ensuring that prices stay high.

Here, India has for some time been taking the lead in attempting to establish some form of international tea agreement, but has failed because of lack of interest by Kenya, which produces 5 per cent of the world's tea, but 10 per cent of its exports. Sri Lanka and China are the other key producers.

Having failed to prevail upon *the Kenyans* — a result, as some Indians see it, of underhand manoeuvres by the British, who have large plantations in Kenya —the tea export restrictions of the last nine months look like a clear attempt to manipulate the market single-handed.

"The British *no longer* control international tea trade," says one leading Indian tea man. "The market is still dominated by five large buyers. They think they can influence the world like they could ten years ago, but they can't."

Since, according to International Tea Committee figures, the world consumed 121m kg more tea than it produced between 1980 and 1983, and continues to run a deficit, the judgment of most tea market experts is that prices are likely to stay firm. These are perfect conditions for the Indian strategy to flourish.

Whether this should be seen as an approach threatening to British tea interests, however, is another matter. Brooke Bond, *Lipton and the rest all benefit* from higher prices and will need the extra production which this will stimulate to supply their markets. According to Mr John Brock, a group director of Brooke Bond with responsibility for India, the approach of the Government in recent months has been "very surprising and very encouraging."

The only danger is that rising retail prices will weaken demand in importing countries where, on the whole, consumption has been stable or rising in the last decade. Growth in continental Europe, the Soviet Union and the U.S. has more than offset a 15 per cent decline in UK consumption in the last ten years, although the British cuppa still represents almost a quarter of the international market in tea.

The reasons for this decline in UK tea-drinking generate another, equally heated debate in tea circles, but one Indian tea man believes he knows the answer. "Your problem in England," he says, "is not price, it is quality. The tea you put in tea-bags, we use as fertiliser here."

Men and Matters

Britoil's find in Australia

Britoil's urbane chairman, Sir Philip Shelbourne, says the Financial Times must take the credit—even if it gets no consultancy fee — for the appointment yesterday of the company's first chief executive, Australian David Walker.

Glasgow-based Britoil, privatised two years ago, has been run until now by two managing directors, Ian Clark and Malcolm Ford.

But a few months ago, the FT ran a feature on Britain's largest independent oil company which argued that it ought to have a chief executive.

"We thought 'what a good idea'," says Shelbourne—and the search began.

Walker, aged 50, is a geologist and has been a BP employee since 1959. He is currently director, resources development, for BP Australia—a post he took up two years ago after a spell in Britain as chief executive of BP Petroleum Development UK.

He was president of the UK Offshore Operators Association in 1982 and played a prominent role in pressing the British Government for changes in the taxation system which the industry claimed was endangering North Sea development.

Malcolm Ford, one of Britoil's managing directors, worked closely with him in presenting the industry's case to the then Chancellor, Sir Geoffrey Howe.

Earlier in his BP career, Walker was in charge of field development planning for the giant Prudhoe Bay fields in Alaska. He is, says Shelbourne, an out-and-out exploration and production man, with the emphasis on exploration—"And that's the way Britoil is too."

Walker, whose wife is English and whose son is at Edinburgh University, has kept a house in Dorset, and was apparently very keen to return to Britain.

He takes over on March 1 next year — and Shelbourne insists no feathers will be ruffled in Glasgow by his arrival

Stone age

Add together the qualities of a Victorian-style proprietor who likes to be at his desk by 7 am, and concentrates upon the business and his family life, and an entrepreneur fascinated by the workings of the City and you arrive at a vague approximation of Brian Beazer, chairman of the property and building group that bears his name.

A descendent of a Bath family building firm he came into the business in the late 1950s. But it was hardly Beazer's style to rest on the laurels of his father, a stonemason.

Brian Beazer, aged 49, floated the business in 1973, and has since pushed the company into a spiral of deals.

Yesterday Beazer attempted his largest-ever takeover bid, and won agreement for his £33m tilt at M. P. Kent, another west country building and property group.

An intriguing thread hanging in the train of this deal is the merged group's 20 per cent-plus stake in Bath and Portland, the quarrying group. History suggests that B and P should be on its guard.

Two centuries of Beazer tradition could be over, however, when Beazer hangs up his hod.

His daughter, reading classics, wants to go into merchant *banking.*

Flat fees

It sounds like the dream story for all aspiring small business people—two London women have just started their own estate agency with a single client providing £150,000-plus annually in fees.

Hilary Potter, aged 38, and her partner, Patsy Morgan, aged 44, are modestly prepared to admit their new business is enjoying an unusually smooth launch. "We feel we are somewhat fortunate in starting off with this calibre of client," says Hilary Potter sounding demure and professional.

While working for a big London agent, Hampton and Sons, the two women got to know the Scottish family company of Sir Ian Mactaggart, Western Heritable Investment Company, which owns 55 Park Lane, one of Mayfair's more luxurious furnished apartment blocks.

The flats were built in the 1930s by Sir Ian's brother John and have been managed as a family business ever since.

When Sir Ian Mactaggart *heard that Potter and Morgan* were thinking of setting up their own business he asked them to handle the lettings and the management of the 150 flats in the block.

The rents for this Park Lane address range from £160 a week for a one-bedroom flat to £1,100 a week for one of the five penthouses. Total revenue exceeds £1.5m a year.

Sealink style

James and Shirley Sherwood reminded the world that train travel can be fun with their restored Orient Express.

Now they intend to give sea passengers a similar deal.

Sherwood's company, Sea Containers, which runs the Orient Express between London and Venice, also bought the Sealink cross-Channel ferries recently.

Instead of closing the Portsmouth-Channel Islands service, as the islanders gloomily predicted, the Sherwoods have asked the designer of luxury yacht interiors, Jon Bannenberg, to give the workaday ships on the route new comfort and style.

Next season it will cost a couple with their car more than £300 return to make the overnight crossing to the islands at top rates.

For that they will get dinner, a Bannenberg-designed cabin, full English breakfast—and the pleasure of travelling elegantly with only 400 fellow passengers in handsomely re*furbished ships.*

Sealink is calling the Bannenberg way to the Channel Isles the "Orient Express of the Sea" — even the cheapie mid-week fare will be £99.

But the route is going to have competition from a no-frills service provided by a rival company called Channel Island Ferries (Jersey and Brittany money).

By name

Yet another famous British motor industry name disappears from production models today. Austin Rover, BL's subsidiary, is dropping the Morris badge.

Only two years ago, the name —which some would say was immortalised by the Morris Minor car—seemed safe when *AR's chairman,* Harold Musgrove, announced the company would use Austin and Rover badges on its cars and Morris for commercial vehicles.

But with the advent of the Maestro van today, the Austin name will be employed for commercial vehicles too.

The Morris company traced its origins back to 1925 when William Morris set up a garage in the Oxford area. He later switched to car production and became Lord Nuffield, one of Britain's great industrialist-philanthropists.

Sad to see this name go in the same week that the British motor industry is celebrating with the Birmingham International Motor Show.

Observer

ICELAND'S ECONOMY

Rumbles from a social volcano

By Kevin Done, Nordic Correspondent, in Reykjavik

THE RASH of strikes and growing social tensions that have hit Iceland recently are threatening to blow off course one of the world's most daring experiments aimed at restoring order to an inflation - wracked economy.

Eighteen months ago Iceland faced an inflation rate that for short periods was over 160 per cent. Its new centre/right government opted for radical medicine. But for many, the cure is turning out to be worse than the disease.

A volcanic island in the wind-swept North Atlantic, Iceland is used to dealing with natural eruptions, but the current social disturbances set off by its economic shock therapy are e new experience.

The patience of public sector workers, who claim the purchasing power of their wages has dropped by 25 per cent in two years, has snapped. Two weeks ago they went on strika demanding wage increases of 30 per cent.

The best the Government has offered so far is 3 per cent from September 1 and a further 3 per cent in January, together with promises of unspecified cuts in income tax.

Iceland is something of a test case for countries trying to beat hyper-inflation. "In May 1983 we had a similar inflation to Israel of 130 to 150 per cent," says Mr Thorsteinn Paalson, chairman of the Conservative Independence Party, the biggest in the ruling coalition. "Israel's inflation is now over 400 per cent and we are down to 15 per cent."

There is much at stake in the wave of labour unrest. "This is the acid test of whether the government can make its policies stick." says Mr Johanes Nordal, governor of the central bank.

"We are living through the aftermath of the enormous shock of changing from 150 per cent inflation," says Mr Magnus Gunnarsson, director of the Icelandic Employers Confederation.

"If we lose control now it will take a generation before we can try again."

The government's hard line means that many public services are at a standstill. More than 11,000 of the island's civil servants and local anthority workers are on strike although transport workers in Reykjavik broke ranks yesterday and returned to their jobs.

Fishing: 70 per cent of export earnings

Schools are shut, buses have not been running, postal services have ceased and the television and radio stations are off the air.

The island'e newspapers have been closed for nearly five weeks and telex and telephone links to Iceland are at best spasmodic. Most importantly, leaders of the pnblic sector union BSRB are seeking to increase pressure on the government by trying to stop flights to Keflavik, the island's international airport, and by preventing ships from offloading at ports.

The strike by customs officials at the airport forced the government et the weekend to draft in the island's chief of police to stamp passports and carry out rudimentary security checks to keep flights operating, but a skeleton customs service has since been restored.

The first lay-offs in industry are starting this week as the flow of raw materials through the ports begins to dry up. Several ships are anchored outside Reykjavik because pilots are striking and cargoes cannot be cleared by customs.

The increasingly hard-line tactics being used by both the strikers and the Government bave ehocked many older Icelanders. With a land mass greater than Ireland or East Germany but a population of less than 240,000, Icelanders are used to working together to cope with the rigours of life close to the Arctic Circle. They are generally on Christian name terms with each other and are even listed in the telephone book under their first names.

The present acrimonious atmosphere is blamed in part on the unusual Finance Minister, Mr Albert Gudmundsson, 61, who is responsible for negotiations with the public sector union. He was quick to call its action a political strike.

Mr Gudmundsson was e notable professional football player in the 1940s and 1950s with clubs such as Glasgow Rangers, Arsenal of London and AC Milan. A populist politician, he startled the union days before the strike began by refusing to pay public sector workers their ealaries as usual one month in advance. That move seriously undermined the union's meagre finances.

The strike has taken other unusual twists. No sooner had the state television and radio closed two weeks ago than illegal pirate radtio stations sprang up. One in the capital was being rnn by leading members of the Independence Party, the main government party, who are campaigning to break the state's broadcasting monopoly.

"It's as if the BBC and ITV closed down and the Tory party in England began sending out radio broadcasts," said one of the radio's operators.

Police searching for the transmitter were refused entry to the party's headquarters by party officials, backed by Mr Gudmundsson, on the grounds that they had no search warrant. The equipment, however, was seized last week.

Meanwhile the police, who are also members of the striking public sector union but are forced by law to stay at their jobs, had to hear government ministers being interviewed by the illegal radio stations. They demonstrated their solidarity with the strikers by a march in full uniform through Reykjevik with placards reading: "We are policemen not slaves."

Can the government stay the course?

Inflation has been cut to around 13 per cent through the bold programme launched in May 1983. Wage indexation was abandoned, existing wage agreements were extended for several months and low nominal pay rises were imposed during 1983 and the first half of 1984. The currency was devalued by 14.6 per cent but has since been held firm, while successive steps have been taken to deregulate financial markets. Most interest-rate controls were finally swept away in August.

The measures have coincided, however, with a deep recession in the Icelandic economy, ona of the most volatile in Europe because of its dependence on the fishing industry, which accounts for about 20 per cent of GNP and 70 per cent of export earnings. But their fortunes have slumped disastrously in the past three years.

The cod catch—the most valuable part of the total—has fallen from 461,000 tonnes in 1981 to an expected 250,000 tonnes this year. GNP overall has fallen almost 10 per cent in three years and living standards by 17 to 18 per cent over the past two years.

At the same time inflationary expectations are still to be broken, and interest rates have floated np to around 26 to 28 per cent, some of the highest real rates in the world, since controls were relaxed in August.

The government's aim is to get inflation down to 10 per cent by the end of next year, but at a recent dinner party held for Professor Milton Friedman in Reykjavik, most local economists pessimistically expected inflation to rise to 30 to 40 per cent next year.

With hindsight government officials edmit that the main problem since May last year bas been the failure to follow sufficiently strict fiscal and monetary policies to back the original package.

However, the consequence—unemployment—is still largely unacceptable in Iceland. Despite the prolonged recession, the jobless total has barely moved above 1 per cent.

Instead, foreign hororwing has helped fuel a construction boom in Iceland in both the public and private sectors. A new central bank is under construction as well as a radio and television headquarters, a national library, a theatre and an airport terminal.

Credit demand bas remained high, desplte strongly positive interest rates, with many trawler owners in financial difficulties and households trying to maintain a standard of living in excess of income. Lending in the banking system jumped by 50 per cent in the 12 months to September.

With unexpectedly high imports earlier this year, the current account has slumped beck into e deficit of 4 to 5 per cent of GNP. foreign debt stands at more than 60 per cent of GNP and the hurden of servicing this debt is equal to about 22 to 23 per cent of annual export earnings.

To hold down pay rises, Mr Steingrimur Hermansson, the Prime Minister, is trying to tempt the unions with a package of substantial income tax cuts to sustain the purchasing power of wages. The only resort left appears to be cuts in government investment expenditure or, just as likely, increased borrowing.

A priest who addressed the opening of parliament last week asked rhetorically if the country did not already bave enough to live on, "maybe not in order to play kings, but at least enough to be men."

World motor industry

The tough road that lies ahead

By Kenneth Gooding, Motor Industry Correspondent

THE MOTOR industry world-wide could immediately dispense with 40 per cent of its labour force yet maintain car output at current levels without the need for new equipment. That, at least, is the conclusion reached by Mr James Womack who, with a team of industry experts and researchers, has spent the past four years analysing the future of the automobile.

In 20 years time, after the introduction of new production technology, all manual labour on car assembly lines—currently the most labour-intensive place in any car plant—will have gone. Other manual work, for example in the design areas, will also be eliminated, along with several layers of management.

"The industry could be reborn from its own efforts—but at the expense of jobs," Mr Womack said in an interview. "The challenge it faces is how to introduce Japanese management techniques and the new technology to change a low-tech industry to one that is vital and high-tech but with many fewer people."

Mr Womack, from the Massachusetts Institute of Technology was in London for the launch of a new book* which distills the wisdom accumulated in seven of the major car-producing countries. He and his colleagues conclude that, compared with the peak reached in 1979, employment in the industry will fall by 27 per cent, or 1,362,800 jobs, by the year 2,000.

This is likely to occur even as car production grows in the seven countries by 30 per cent, from 20.5m in 1979 to 26.6m.

One result will be a wholesale change in the industry's conduct of labour relations. A piecemeal approach will not suffice, the authors argue.

They urge managements and unions to "pursue a reform strategy that is based on enhanced cooperation and participation because this approach offers the most joint gain with the least costly social conflict"

What would a cooperative strategy look like? "Labour would accept increased work-rule flexibility and moderation in compensation, linking it closely to firm performance. In exchange, management would provide workers with greater employment security and more information on production and technological changes and would help to sustain institutions giving labour direct participation in decision making".

The authors point out that flexibility would help in the introduction of new technologies and the new forms of work organisation associated with those technologies.

Greater job security would increase workers' commitment and reduce their fears of displacement by the new technology. Increased worker participation would help lower costs and heighten attention to quality.

Mr Womack says that the reaction of the major car companies to these findings has been "very favourable."

However, as the study asserts, governments will also have to

Wholesale changes in the industry's conduct of labour relations

play their part. There should be tax changes where necessary to encourage share ownership by workers; governments should facilitate the creation of flexible compensation systems and encourage e shift towards the payment of employee bonuses through appropriate changes in tax and legal policies.

They also need to create retraining and relocation programmes and provide temporary income support for displaced workers.

The effort would be worthwhile because, according to the study, the motor industry is almost certain to continue as "the world's largest manufacturing enterprise."

That was by no means part of conventional wisdom at the time when the research began: the industry was just settling down from the convulsions which shook it during the two world oil supply crises.

Other theories common then have also been overturned: One was that intense pressure for energy conservation and environmental protection would make the small or light car the standard-sized vehicle in all markets—paving the way for a "world car."

A second assumption was that competition in the new homogeneous product would be based increasingly on price and that high manufacturing volume would be the key to low cost.

Thus it was thought that six "mega-producers" would coalesce out of the 20 assembly companies in the Western world in a rece to keep ahead in economies of scale.

The programme identified four factors which have completely altered this vision of the future:

● New production herdware is lowering the minimum efficient annual manufacturing scale for individual product lines — and will lower it further in the future.

● New product technologies will ensure that the car remains the prime means of personal transport and also enable the companies to offer e much wider rage that will seem "sensible." There will be no need to repackage cars as small, spartan boxes: in fact the trend in the 1980s is towards a proliferation of styles.

● The social organisation of the production process is now in a dramatic stete of flux in response to the Japanese innovations on the shop floor, in the supplier chein end in the financial system.

● The world's car markets have not switched to one single type of vehicle, as previously predicted.

The upshot is that in 20 years time there is likely to be just as many car companies as today. The declining minimum efficient scale in manufacturing will give the medium-sized and specialist producers a "more level field on which to compete."

Mr Womack adds that governments need no longer be concerned that the multi-national producers will move car assembly to low-cost countries. The industry is at the forefront in the use of new technology requiring a great deal of know-how and a highly skilled work-force; it requires huge capital resources — elements more freely available in the industrialised countries than the developing world.

*"The Future of the Automobile." £15 from Allen & Unwin in the UK and from MIT Press in the U.S. and Japan.

Letters to the Editor

A soft landing for sterling

From Mr R. Heinemann

Sir,—One of Mr. Robeson's arguments (October 12) against sterling joining the European monetary system is now becoming irrelevant.

It is quite possible that sterling's petro-currency status will diminish significantly over the next few years as North Sea oil production peaks, net exports of oil are reduced and British Gas imports high priced Norwegian supplies of natural gas. All these trends will be likely to significantly reduce Britain's current account surplus on the balance of payments and cause a severe sterling depreciation.

The time is now ripe for serious consideration to be given to the problem of how to prevent a severe depreciation and upsurge in inflation, undoing the good work achieved in reducing the rate of price increases. Joining the EMS to assist a "soft-landing" for sterling in the late 1980s is a real policy option.

R. P. Heinemann,
12, Greystoke Road,
Caversham,
Reading, Berks.

Relief from the desert

From Mr W. Grey

Sir,—While admiring Mr P. W. R. Robeson's objections (October 12) to full UK membership of the European monetary system for their heavenly length, may I point out that similar arguments were advanced for years, at even greater length, against UK membership of the EEC? And where did that get us?

Mr Robeson wasn't even being consistent. Having claimed that none of the currencies of the D-mark bloc, which according to him is what those participating in the EMS exchange rate mechanism make up in essence, have anything like the "international investment and trading clout of the pound," he nevertheless thought it "extremely unlikely" that the pound would keep pace with a rising D-mark once the dollar—whose continuing strength he gave as the reason why the EMS has been so stable for the past 18 months—began to fall. Can be have it both ways?

As for his preference to wait until there is a more general return to international exchange rate stability "including not only the Europeans and the Japanese but also and especially the Americans," this would, of course, make the EMS, or any system like it, quite unnecessary because the same commitment to fundamentals would then have had to be demonstrated by all concerned. In the meantime, isn't an oasis a precious relief from the desert?

W. Grey,
12 Arden Road,
Finchley, N3.

The Housing Defects Act

From Mr D. Lloyd

Sir,—Mr Ian Gow, Minister of Housing and Construction, has shed some interesting light on the expenditure limit for reinstatement of houses under the Housing Defects Act in his letter (October 5).

It does, however, overlook a central point made in my previous letter (October 1) in that it will be a very long time before schemes are approved to allow work to proceed on repairs. It must also be stated that defects in a particular type of house named in the Act can vary from minimal to very severe from area to area and even within one estate; thus the extent of repairs required to any one privately-owned property will similarly vary.

The building societies, however, look as if they will insist on schemes which totally remove any dependence on the existing structural members whether they are perfectly sound or not, in order to become mortgageable. This will result in an unnecessarily high burden on local authorities and the taxpayer and in cases where there are very high numbers of privately-owned properties, local authorities will be unable to meet such a bill without drastic reductions elsewhere. Good examples are Bristol, 1,000 privately-owned, thus costing £14m, and Birmingham £11m.

Mr Gow also refers to the "buy back" option. This would result in even greater expenditure, as the authority is obliged to purchase at the defect-free value and is then left with exactly the same problem in repairing the properties to a level which would enable the tenant to exercise his right to buy end would need to know that the house would be mortgageable et some time in the future—hence the whole series of events start agein.

There surely, therefore, needs to be a serious re-think ebout how the Act would operate in practice and some form of engineering eppraisal of the defects and exactly what level of expenditure on repairs is necessary to reasonably extend the life of these properties, coupled with e phased programme of replacement when that life has run its full term.

But this vital work must continue. Unless such a course of action is adopted local authorities will and indeed are, avoiding committing themselves to expenditure and are waiting for further guidance from central government. I only hope it will be forthcoming.

D. D. D. Lloyd.
Score House,
Hitchen Hatch Lane,
Sevenoaks, Kent.

Heavy import duty

From Mr D. Dodd

Sir,—I too noted from your article on the Sony portable compact disc player (page 1, October 3) that whereas it ". . . will cost £163 there (in Japan)" it will ". . . be in British shops . . . et around £300."

Unlike Mr J. R. Nichols, however, who suggest (October 10) that the 100 per cent mark-up has to do with the "greed of distributors," I suspect instead that the more likely explanation is the "Buy British" bias which imposes a heavy import duty on imported electronics goods generally (and imported Japanese electronic goods in particular).

David K. Dodd.
9c, Thistle Grove, SW10.

Post-tax EPS

From the Group Treasurer, Metol Box.

Sir, — The arguments advanced in S. W. Penwill's letter September 25 for calculating earnings per share on pre-tax profits seem to ignore basic the rationale for post-tax EPS.

Of course, tax rates change and the effect of tax on corporations differs from company to company, but so do most of the other variables such as interest rates, exchange rates and GNP growth that are properly regarded as problems to be managed effectively by a company.

Tax is a charge against earnings that is as real as interest or wages and is equally susceptible to careful management.

To ignore tax invites a company to invest in areas where after-tax returns may be inadequate. In my company's case the marginal rate of tax in the territories in which we trade is as varied from nothing to 77 per cent. It would be negligent to ignore these variances when making investment decisions and clearly misleading to shareholders to report an EPS that in part should be reduced by 77 per cent.

Minimisation of a corporate tax charge is a business activity which can be as rewarding to shareholders as productivity gains, market growth and other laudable objectives, to be ignored at the shareholders' peril.

David J. Westby.
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Forbury Road,
Reading.

Fixed Channel link

From the Chief Executive, Euro Route

Sir,—Mr Colchester's balanced article "Time to channel our energies (October 8) outlined the volume of traffic crossing between Britain and the Continent and the justification it gives to the construction of a drive-across link. Your correspondent Mr J. Bourlet (October 11) criticises the figures by implying that it would require e forced concentration of traffic by Government on to a fixed link from ports around the country for it to be successful. This is not true.

Last year, 13.95m passengers and 690,000 lorries passed through Dover alone, ignoring the other south-eastern ports. This traffic is still growing rapidly and the Government expects total passenger and freight movements to more than double by the end of the century. There is alreedy a concentration of traffic on the short sea route.

The proposed EuroRoute road and rail link will yield 9 per cent on its capital above eny inflation on the assumption that it takes only 30 per cent of freight end 60 per cent of car passenger traffic. This is modest. The real issue, however, is whether Britain is to be pnt on an equal footing with its European competitors with fast uninterrupted motorway and rail links into Europe now taking more than 50 per cent of our exports. This would loosen up the restrictions currently existing in the ports and cut the costs of transport. Financed by private capital and creating 50,00 new jobs in Britein during construction at e time of spare resources, it would bring great benefits to the country.

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FINANCIAL TIMES

Tuesday October 16 1984

Airfone puts conversation on a higher plane

BY TERRY DODSWORTH IN NEW YORK

A MASSIVE assault by the booming U.S. car telephone industry this year has meant that all self-respecting American executives ought by now to have turned their modest means of transport into what Madison Avenue calls a "business tool." However, until yesterday, they could at least escape the phone in the air.

Now, courtesy of Airfone, the U.S. airline industry is turning many of its long-range aircraft into business tools as well. If Airfone has its way, it will not be long before the same thing happens to American passenger trains.

Airfone believes it has cracked a problem that has foxed the communications industry for years – how to achieve a reliable, high-quality telephone service linking commercial airliners with the ground over which they fly. The only small crumb of comfort for those who like to have a quiet nap aloft is that it will still not be possible to make a ground-to-air call.

Many U.S. companies have tried to enter that market over the last few years. However, as American Airlines said yesterday: "We were never satisfied with their technology."

American received one of the first calls early yesterday morning – ringing in as clear as a bell, it said, all the way from Chicago to Dallas, Texas. Over at Airfone, besieged by such a flood of telephone calls that it was almost impossible to get through, the experiment was declared to be "pretty positive."

Airfone is a company jointly owned by Western Union Communications, a private company set up by Mr John Goeken, one of the founders of MCI Communications.

Mr Goeken left MCI, now the second largest long-distance telephone company in the U.S. behind AT & T for this entrepreneurial venture in 1975. It has taken the company all the time since then to make the system work effectively.

Even now, telephoning inflight will not be ideal for negotiating a confidential deal or a discreet rendezvous. Subscribers activate the system by using any of six credit cards in a slot alongside two telephones fixed into the bulkheaps of the first and business class compartments.

Once the card has been accepted, the cordless phone can be removed and used from the passenger's own seat. Conversations will be limited to 45 minutes.

Split in ranks of Icelandic strikers

By Our Nordic Correspondent

SPLITS IN the ranks of the 11,000 striking public-sector workers in Iceland are threatening to undermine the two-week stoppage that has brought the country's vital seaborne trade to a standstill.

Local-authority workers in Reykjavik, the capital, have broken away from the dispute and appear to have reached a separate preliminary agreement with the city, which yesterday allowed public transport services to resume.

At the same time a split has emerged among striking customs officers, with those at the airport returning to work while their colleagues at the ports are still striking.

Their action and a strike by harbour pilots has halted all shipping to the island.

The local authority workers are understood to have made a preliminary agreement for staged pay increases that might eventually amount to about 14 per cent with the agreement lasting to the end of 1985.

The deal is well below their original demand for an immediate 30 per cent rise.

Reuter adds: Mr Kristjan Thorlacius, leader of the 14,000 public-sector workers still on strike, said he was angry that the city employees had broken rank and described the municipal wage agreement as much too low.

Public-sector unions are demanding wage increases of up to 40 per cent to compensate for what they say is a drastic fall in living standards since the right-wing Government of Prime Minister Steingrimur Hermannsson came to power in 1983.

Government officials said the agreement might lead to a breakthrough in negotiations

Rumblings from a social volcano, Page 17

Italian currency inquiry threatens Zanussi move

BY KEVIN DONE IN STOCKHOLM AND ALAN FRIEDMAN IN MILAN

MR ANDERS SCHARP, managing director of Electrolux, the Swedish appliances group, confirmed yesterday that an investigation by the Italian Treasury into past currency transactions at Zanussi had introduced a new element of uncertainty into his company's long-delayed takeover of the financially troubled Italian white goods manufacturer.

"We are not going to enter into something that gives us future problems," Mr Scharp said. "In the next two weeks we must decide how serious this is and whether the conditions we have set for our takeover can be fulfilled."

Electrolux is awaiting a final report from its lawyers and auditors in Italy before deciding how it should react to this latest obstacle to the deal, which has already been held up by delay on the part of a few foreign banks in approving a debt restructuring formula.

The Italian Treasury investigation, which has not been officially announced, is concerned with alleged irregular foreign currency transactions by Zanussi in 1978-79. Electrolux's concern is that if charges were to be brought against Zanussi as a result of the investigation, the Swedish company might be forced, as Zanussi's new majority shareholder, to pay substantial fines.

Meanwhile, two Zanussi bank creditors with relatively small exposure have yet to accept the restructuring proposed for the Zanussi group's $560m debts, although a working group representing foreign banks reached agreement in principle with Electrolux three weeks ago.

The Lugano-based Banca Interpopolare, which is 40 per cent owned by Sig Orazio Bagnasco, an Italian property magnate, has not agreed to the proposed solution.

In addition, the Monte dei Paschi di Siena group has also expressed dissatisfaction with the proposed deal. Italian International Bank, its London-based, part-owned subsidiary, is owed $10m by Zanussi.

Duarte meets rebel leaders

By David Gardner in La Palma

PRESIDENT José Napoleòn Duarte of El Salvador met left-wing goerrilla leaders in the traditionally rebelhold town of La Palma yesterday in the most concerted attempt so far to end the country's five-year-old civil war.

Several thousand peace demonstrators packed the town, close to the Honduran border, as President Duarte accompanied by General Eugenio Vides Casanova, the defence minister, and senior advisers met the rebel delegation.

Logistical problems were understood to bave prevented the participation of the senior rebel leader, Sr Joaquin Villalobos. President Duarte said Sr Villalobos had been "blocked" in the eastern province of Morazan, presumably by military operations in the area.

A request from the rebel leader for helicopter transport could not be met, President Duarte said.

The most senior guerrilla leader at the talks was Sr Ferman Cienfuegos, who leads rebel forces on Guazapa volcano, north of the capital, San Salvador.

Roman Catholic church leaders, led by Monsignor Arturo Rivera y Damas, were acting as mediators at the meeting.

U.S. Democratic Senator Paul Tsongas, who was invited as an observer, by both sides, said his expectations on the outcome were cautious.

"I think what it bas to lead to is some structure for a further meeting," he said.

Argentine loan talks, Page 6

Eels show slower growth as result of UK miners' strike

BY MAURICE SAMUELSON IN LONDON

THE BRITISH miners' strike has had a startling effect on the life expectancy of some of the neighbours of the nation's biggest coalfired power station at Drax, Yorkshire.

They are the hundreds of thousands of eels, mostly intended for continental markets, being bred by Ranks Hovis McDougall in warm water from the cooling towers of the pride of the Central Electricity Generating Board.

Yesterday, however, RHM said that it had decided to wind up its 75 per cent stake in the venture, in which the CEGB is the only other shareholder, and that unless it can find a buyer, Europe's largest intensive eel farm will close.

The village of Drax is in the heart of Britain's most militant coalfield. But RHM explained that its eels were not staging a "grow slow" in solidarity with local miners.

Their growth had simply been stunted by the CEGB's decision to switch off the power station six months ago, thus cutting off the warm water without which the eels cannot grow large enough to be turned into smoked or jellied delicacies.

An exasperated RHM spokesman said: "All they are doing is swimming around, eating and becoming lethargic."

Thanks to the coal strike, the eels have so far been given about another two years of this luxurious existence before they are saleable.

Whether they enjoy that luxury depends on whether RHM finds a buyer for its indoor tanks and 20 acres of outdoor lagoons. The alternative is rather more ominous – RHM is resolved to quit the business, whether or not it is sold, and even if the power station starts working again soon.

So far, no buyer bas materialised, which is hardly surprising since RHM claims that the farm – begun five years ago and costing £750,000 ($906,375) – has not yet made a profit and its prospects were being questioned even before the power station went cold.

There had, however, been great expectations when RHM began stocking the farm with elvers – baby eels. RHM identified a demand for 30,000 tonnes of eels a year in Europe. There was production shortfall in Continental Europe of 5,000 tonnes, which is currently drawing in imports from North American and New Zealand.

The power station water warms the outdoor lagoons into which the elvers are transferred once they have reached adulthood. The warmth increases the productivity since it allows them to be active throughout the year.

From a first-year output of 5 tonnes, yearly sales had last year reached nearly 130 tonnes – 750,000 eels and a turnover last year of £405,000.

Miners' talks resume, Page 11

London vetoes Telecom-IBM data network

Continued from Page 1

compete fully in those markets and did not rule out partnership arrangements between the organisation and other companies in the future.

BT would not say yesterday whether it planned to take up the Government's offer of a separate licence. IBM said, however, thet it was examining alternative ways of providing the kind of services which the joint venture would have offered.

IBM had seriously considered launching a data network in the UK on its own before deciding to join forces with BT and had already carried out limited trials between several customer sites in Britain.

BT has always been nervous about the prospect of having IBM as a competitor. One of its main arguments in support of the planned joint venture was that it would give BT an opportunity to influence attempts by the large U.S.-owned computer company to expand in telecommunications.

BT hinted yesterday thet the Government's decision might affect plans for its mainstream national data network, known as Packet Switchstream (PSS).

It said that it was reviewing the implications for PSS, for which it recently doubled its investment budget to about £80m ($96m). BT has previously said that the PSS project was quite separate from its planned link-up with IBM.

One of the most controversial features of the BT/IBM joint venture was that it would bave been based on IBM's proprietary data communications standards, known as Systems Network Architecture.

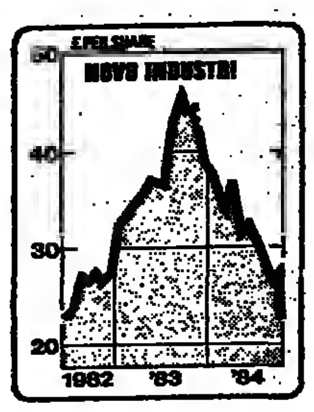
Other companies claimed that this would have reinforced IBM's already strong grip on the computer market. They also argued that it conflicted with the Government's commitment to the development of a set of internationally agreed, independent, standards known as Open Systems Interconnection (OSI).

The Government said yesterday that companies operating managed data network services would be allowed to base them on their own standards initially. Their licences would require them to provide full connection with equipment designed to OSI standards, however.

THE LEX COLUMN

Making waves in the North Sea

Yesterday's price move by the Norwegian state oil company was accompanied by some tedious double-speak – an "official" price is to be retained, which stays at $30 per barrel – but the message to the market was clear enough. Statoil has deserted the beleaguered camp of contract price defenders and joined the spot market followers. In so doing, it has sapped much of the additional morale spread by BNOC's steadiness last July. By shifting its 200,000 b/d effectively to $28.50 per barrel, it has also left BNOC's $30 contract price looking decidedly precarious.



The amounts of crude involved are meagre when compared with a North Sea total production of 3.2m b/d. But they probably represent about half as much as BNOC is now selling by contract to third parties. Some confusion about the details of Statoil's new policy also appears to have given it a greater immediate impact. Above all, though, the change has come at a most unfortunate moment in the negotiation of BNOC's fourth-quarter contracts and might almost have been calculated to cause the maximum uncertainty about its intentions.

After Statoil and BNOC, of course, there are very few price dominoes left in the line of collapse before it reaches Opec. This seems bound to cause the market at least a few more nervous sessions in the circumstances and possibly something worse. For Opec's mid-summer production cuts are already reported to have been partly reversed, with extra crude shipments from Nigeria in particular belping to lift the total from 17.5m b/d to perhaps 18.3m b/d.

Rising supplies have not been matched this autumn by any seasonal lift in demand: this occurred most unseasonally in the second quarter and total free world stocks currently stand broadly in line with this time last year. No doubt a cold winter could scatter the bears, but the prospects of an eventual Opec cut look harder to dispel.

Meanwhile, Opec's marker price may already be applicable to as little as half total crude deliveries and the present slow erosion of Opec's market could be on the point of accelerating.

Retail sales

The retail sales figures for September have a more than usually provisional look about them. The seasonally adjusted volume index rose by more than 3 per cent in the course of the month, which, allowing for the miners' strike and higher mortgage rates, suggests there is something wrong with either the adjustment or the British consumer.

The government computer may be partly responsible – it probably failed, for example, to recognise the effect of last month's sudden change in weather on clothing and footwear sales. But all the evidence from the High Street points also to an underlying level of consumer spending which is remarkably buoyant for this stage in the cycle.

Clothing aside, the main beneficiaries appear to have been non-durable goods such as alcoholic drinks. If, as seems plausible, consumer spending grows by more than 3 per cent in volume terms this year, then that will be difficult to square with the official figures for average earnings. The most recent data points to an increase only just above the rate of inflation – August figures are due tomorrow – but the underlying level of earnings growth may by now be as high as 7½ to 8 per cent.

Novo Industri

When Novo Industri shocked the market in August with poor interim results, its share price took a nosedive. Having burnt its fingers once, the company has now decided to treat the market more gently. Just two months after making encouraging noises about second-half prospects, it has changed its tune well in advance of the full-year figures. Sales will apparently increase by just 10 per cent, rather than the 20 per cent expected in August, and earnings will not top last year's.

Yesterday the share price again took a tumble – from £27¾ to £22¾ – leaving Novo on a prospective multiple of around 11 times. Yesterday's reappraisal was, if anything, more severe than the August downgrading. Whereas the market was then prepared to accept the humdrum profits as temporary, now even the company is talking of modest sales growth until the end of next year.

In the U.S., Eli Lilly is attacking Novo's insulin market, while its enzymes division – the bread-and-butter business in the group – is suffering competiton from some of its former customers. Novo is responding with increased investment in marketing and R & D, but that is bound to eat into margins at a time when volume growth is slowing. So, for the moment at least, the Novo share price may be keeping company with the chemicals sector rather than its old friends in biotechnology.

Barlow/Bibby

At 90.5 per cent, acceptance of Barlow Rand's offer for Bibby has probably fallen just short of the embarrassing level where the rump would be small enough to endanger Bibby's London listing – one of the things that Barlow was most anxious to acquire. With nearly £30m ($36.3m) worth of Bibby's equity still on the loose, it should be possible for the Stock Exchange to regard the minority as forming a respectably liquid market. From that point of view it is all to the good that Barlow's programme of non-South African expansion via Bibby should quite rapidly increase the float.

It is less clear that the same will in the long run be true of the London market in Barlow's own shares, which has up to now been on the thin side. Barlow must be quite encouraged by the amount taken up in this takeover, and particularly by some institutions asking for more than the basic number of shares. But about 4 per cent of Barlow's issued capital seems to be in the hands of people who underwrote the cash offer for Bibby. It will be interesting to see how firmly they hold their shares.

Prime cut fails to halt the soaring dollar

Continued from Page 1

rate back down near the levels of earlier this year before U.S. short-term rates began edging higher.

However, since the start of September, U.S. money market rates, led by the overnight Federal Funds rate – have tumbled, in part reflecting a slightly easier monetary stance by the U.S. Federal Reserve Board justified by a slowing pace of economic growth and well behaved monetary aggregates.

The funds rate has fallen from around 11.75 per cent at the start of September to 10.5 per cent or lower, while the rate on three-month Treasury Bills has declined from more than 10.6 per cent to less than 10 per cent.

Until last week, bank Certificate of Deposit (CD) rates – a key factor in bank funding costs – had lagged the general decline in short-term rates, perhaps reflecting investor caution over hank earnings and the strength of the U.S. banking system.

However, CD rates fell sharply late last week

EEC moves to cut butter mountain

BY QUENTIN PEEL IN BRUSSELS

EUROPEAN consumers will get balf-price Christmas butter again this year, and buyers outside the EEC will be ehle to buy old butter at only a fifth of the official price, the European Commission announced yesterday.

The moves to reduce the size of the European Community's 1.25m-Tonne hutter mountain, and make a political gesture to popular opinion were announced by Mr Poul Dalsager, Commissioner for Agriculture, to the agriculture committee of the European Parliament yesterday.

A total of 200,000 tonnes of fresh butter will be made available from the EEC stores at a price of Ecu 160 ($115) for 100 kg for the Christmas hutter handout. The system is being reintroduced as a result of political pressure from memher states, in spite of the argument by commission officials that it is an expensive and inefficient way of unloading the surplus.

At the same time, any international buyers will be offered the chance of 18-month-old stocks at a bargain price of $450 a tonne, provided they also buy full-price butter as well.

The commission has clearly coordinated the announcement of the two deals to minimise the political embarrassment of disposing of the butter surplus outside the EEC at a fraction of the price demanded of consumers within it.

Officials maintain, however, that the system of Christmas butter, discontinued last year, is an inefficient way of increasing consumption. They say the cost amounts to some $240m, but overall increase in butter consumption is unlikely to reach 60,000 tonnes out of the 200,000 distributed.

The deal was welcomed yesterday by members of the European Parliament, with some reservations.

Mr David Curry, a British Conservative and former chairman ofthe agriculture committee, said be would have preferred a system reducing the retail price of butter over a longer period.

EEC farm price fixing, Page 36

British coal strike talks break down

Continued from Page 1

The board's plans to close uneconomic pits are at the centre of the dispute with the NUM. The dispute with Nacods was caused by the board's insistence that Nacods members should cross NUM picket lines or not be paid.

The Acas proposal had proposed that collieries could be investigated "in line with the principles of the Plan for Coal under the colliery review procedure." The Plan for Coal, originally drawn up 10 years ago, is a tripartite agreement between boards union and government.

The procedure would, under the agreement, have been amended to include an appeals body whose judgements would not have been binding on either party but to which they would have guaranteed to give "full weight."

The NUM had insisted that the draft be amended to read simply "in line with the Plan for Coal," fearing that the Acas formulation would have allowed pit closures on uneconomic grounds.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	S	20	68	Malaga	S	22	73	Salzburg	C	13	55
Akrotiri	S	21	81	Faro	S	24	75	Malta	F	23	73	Seoul	S	23	73
Algiers	—	—	—	Florence	S	21	70	Manila	S	31	88	Singapore	C	31	88
Amsterdam	C	16	61	Frankfurt	C	15	59	Miami	S	28	82	Stockholm	C	7	45
Athens	S	24	75	Funchal	S	21	70	Milan	S	19	66	Strasbourg	S	14	57
Bahrain	S	33	91	Geneva	C	15	59	Moscow	C	2	36	Sydney	C	23	73
Bangkok	S	31	88	Gibraltar	F	20	68	Munich	C	12	54	Taipei	S	26	79
Barcelona	S	22	72	Guernsey	C	13	55	Nairobi	—	—	—	Tangier	S	24	75
Beirut	S	28	82	Helsinki	F	4	39	Naples	S	23	73	Tehran	—	—	—
Belgrade	S	18	64	H. Kong	S	27	81	New Delhi	S	32	90	Tel Aviv	S	27	81
Berlin	C	13	55	Innsbruck	S	16	61	New York	S	19	66	Tenerife	S	27	81
Biarritz	S	23	73	Inverness	S	19	64	Nice	S	20	68	Tokyo	S	21	70
Blackpool	C	13	55	Istanbul	S	20	68	Oporto	S	23	73	Toronto	S	13	55
Bordeaux	S	21	70	Jersey	S	16	61	Oslo	S	13	55	Tunis	F	23	73
Brussels	F	15	59	Jo'burg	R	26	79	Paris	C	12	54	Valencia	S	22	72
Budapest	C	16	61	Las Palmas	S	27	81	Prague	F	13	55	Venice	S	17	63
B. Aires	S	24	75	Lima	C	20	68	Reykjavik	F	10	50	Vienna	F	15	59
Cairo	S	30	86	Lisbon	S	21	70	Rio de J'o	C	30	86	Warsaw	F	12	54
Cape Town	S	17	63	Locarno	S	20	68	Rome	S	21	70	Zurich	C	8	46
Caracas	C	28	82	London	C	13	55								
Casablanca	—	—	—	Los Angeles	S	27	81								
Copenhagen	S	15	59	Luxembourg	—	—	—								
Corfu	S	24	75	Madrid	S	20	68								
Dublin	S	17	63	Majorca	F	22	72								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Pressure on oil prices

Continued from Page 1

to have effectively reduced the rate for the crude (Opec's price reference) by 36 cents a barrel. Yesterday the buyer-seller rate for it was in the $27.85-$28 range, slightly up on last Friday.

BNOC had been completing its attempt to bold the official UK oil price at $30 a barrel for the fourth quarter. Those companies which had already agreed to the $30 price have done so on the understanding that they could reopen negotiations for a lower price, if the market did not improve.

Mr Mehdi Varzi, oil analyst at London stockbroker Grieveson Grant, said yesterday that if BNOC did not follow the Norwegian lead it could lose about £10m ($12m) in trading every week.

If BNOC does follow Statoil, however, the British Government would face an immediate loss in tax revenue from North Sea oil companies profits.

The London Government's fear is that a cut in all North Sea oil prices might force Opec to cut prices, which might lead to a vicious circle of declining prices.

Abu Dhabi is under pressure from them to cut the differential on its onshore Murban crude by 50 cents or so as well to ease the tax system

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday October 16 1984

Fannie Mae plunges into loss

By William Hall in New York

THE Federal National Mortgage Association (Fannie Mae), the U.S. government-sponsored agency which refinances house mortgages, suffered a third-quarter loss of $43.1m. The company was hit by rising interest rates and higher loan losses.

In the comparable period last year Fannie Mae earned $24.8m. The latest loss follows six consecutive profitable quarters for the company, which buys mortgages from the U.S. savings and loan industry. The company was established by the U.S. Government in 1938, but was floated off to the private sector in 1968.

It is the second biggest borrower in the U.S. finanical markets, after the U.S. treasury, and is vulnerable to rises in interest rates which hit the profitability of its mortgage portfolio, much of which is priced at fixed rates.

Mr David Maxwell, Fannie Mae's chief executive, attributes the third-quarter loss to a $56m negative interest margin and a $35m addition to its allowance for loan loses.

The company, whose shares are traded on the New York Stock Exchange, says that a large part of its negative interest margin was the result of the need to refinance cheaper debt at higher interest rates.

In the third quarter Fannie Mae issued $11.4bn of debt at 12.49 per cent and redeemed $11.1bn at 10.10 per cent.

TRW shows continued strength

By Our New York Staff

TRW, the Cleveland-based engineering, electronics and vehicle components company, increased its net earnings by 33 per cent in the third quarter, from $58.8m, or $1.59 a share, to $78.4m, or $2.10. Sales reached $1.51bn, a 14 per cent improvement on the $1.32bn achieved in the same period last year.

The third-quarter performance reflects the continuing strength in TRW's main markets – the vehicle components industry, space and electronics systems, and the industrial and energy sector. At the same time, the company is continuing to benefit considerably from the cost-cutting measures it took during the recession.

The figures showed a strong advance on the previous three months, when TRW earned $68.8m, or $1.84 a share, despite the slowdown in the U.S. economy. For the first nine months of the year, the group's net income amounted to $207.2m, or $5.55 a share, compared with $152.6m, or $4.12 a share.

Diversifoods bid agreed

By Our New York Staff

DIVERSIFOODS, a Chicago-based group that operates over 1,400 fast food restaurants around the U.S., has agreed to a $525m buyout led by the company's chief executive, Mr Donald Smith, and an investor group headed by Allen & Company.

Diversifoods earned $15.2m from continuing operations on sales of $271m in the first six months of 1984. It has shareholders funds of $193.81m.

The company was formed late last year from a merger of Chart House, the biggest franchisee of Burger King restaurants in the U.S., and Godfather's Pizza, another fast food chain.

Chase Manhattan third quarter profits fall 14%

BY PAUL TAYLOR IN NEW YORK

CHASE MANHATTAN, the third largest U.S. banking group, yesterday reported a 14 per cent decline in third-quarter earnings. Chase revealed that it bad used the proceeds of a legal settlement with Drysdale Securities to bolster loan-loss provisions against its developing country loan portfolio by $50m in the latest quarter.

The decision to step up the loan-loss provisions follows similar moves by several other major U.S. banks. First Chicago last week reported a $71.8m third-quarter net loss after writing off $279m in problem loans, Security Pacific used the *proceeds of the sale of its headquarters* building to increase provisions, and Manufacturers Hanover lifted its loan-loss reserve by $41.8m.

The New York-based banking group reported third-quarter net earnings of $93m or $1.70 a sbare, compared with $108m or $2.76 a share in the 1983 quarter.

The latest results lifted earnings in the first nine months to $286m or $6.44 a sbare, against $320m or $8.16 a sbare a year earlier.

Chase *said that the sharp earn*ings per share decline reflected increased preferred stock dividend requirements, attributable to preferred stock issued in coonection with its recent acquisition of Lincoln First Banks and an increase in the average number of common shares outstanding.

The banking group added that its third-quarter net earnings included a $49m pre-tax ($20m after-tax) gain on the settlement with defendants in the Drysdale Securities and Drysdale Government Securities case resulting from the security dealer's collapse in May 1982. Chase said this gain was effectively offset by a $50m additional provision for possible loan losses.

Chase said that it increased its loan-loss provision to $125m from $75m in each of the first two quarters and $70m in the year-earlier period despite lower net loan cbarge-offs, which fell to $51m from $61m in the 1983 quarter.

The additional 550m provision, "was made in recognition of continuing uncertain conditions in certain developing countries," Chase said.

As a result Chase reported a $738m reserve for possible loan losses at the end of the quarter, up from $635m at the end of the 1984 second quarter.

The banking group said its non-performing loans totalled $2.1bn or 3.39 per cent total loans, against $2.2bn at the end of June, and $1.9bn or 3.52 per cent a year ago. About $570m of loans to Argentine borrowers were included in the latest total, compared with about $140m at year end.

Chase Manhattan said that as a result of retained earnings, new capital issues and the increased reserve for loan losses, its primary capital ratio increased to 8.27 per cent at the end of the quarter, up from 5.12 per cent a year earlier.

Australian to become first chief executive of Britoil

BY DOMINIC LAWSON IN LONDON

BRITOIL, the UK's largest independent oil company, has appointed its first chief executive since it was split from the British National Oil Corporation and privatised almost two years ago.

Mr David Walker, a 50 year-old Australian, is to take over on March 1. Mr Walker has been a BP employee since 1959, for the last two years as director of Resources Development, BP Australia. A geologist, Mr Walker's most prominent role in Britain was in his previous BP position as chief executive of BP Petroleum Development UK.

Under his leadership BP started to switch its investment away from the North Sea, in protest against what the company saw as punitively high tax levels. Mr Walker led an *oil company delegation to the Chan*cellor of the Exchequer at the time, Sir Geoffrey Howe, in what turned out to be a successful attempt to persuade the Government to relax its tax take from the North Sea. Britoil has oil rights to more of the North Sea than any other company.

The appointment has resolved worries in UK financial circles about Britoil's corporate structure. The company had two managing directors, Mr Ian Clark and Mr Malcolm Ford, but no chief executive. The two managing directors work in Glasgow, Britoil's base, while the company's chairman, Sir Philip Shelbourne, is based in London.

Sir Philip said yesterday that Mr Walker was chosen partly because his career has been based in oil exploration rather than retailing, and Britoil is a pure exploration and *production company. He added that* Mr Walker had wide international experience, and Britoil is now making its first moves into exploration outside the UK.

It had been thought that Mr Ian Clark might well have become chief executive, but Sir Philip denied yesterday that there were any ruffled feathers at Britoil because an outsider had gained the coveted job. He pointed out that Mr Clark, who has been leading Britoil's international diversification, is five years younger than Mr Walker, so could still be regarded as a future contender for the post of chief executive.

Mr Michael Unsworth, analyst at brokers Scott Goff Layton, said yesterday that in principle it was good that Britoil had managed to find a chief executive, but that it was surprising that the company had not got "a better known name in the industry."

Southwestern Bell exceeds forecasts

BY OUR NEW YORK STAFF

SOUTHWESTERN Bell yesterday reported third-quarter net earnings of $242m, or $2.47 a share, on revenues of $1.84bn.

It is the first of the seven regional telephone companies spun off from AT&T at the start of the year to announce its third-quarter results. Like previous results from the regional groups, the latest earnings are better than forecast.

The latest Southwestern Bell earnings, which are 13 per cent higher than those in the second quarter, lift nine-month net earnings to $659.5m, or $6.78 a share, on revenues of $5.3bn. The company said the accumulated earnings provided a more representative view than quarterly results because of continuing dive stiture-related adjustment.

Mr Zane Barnes, Southwestern Bell's chairman and chief executive, said two primary factors, cost control and an improving economy, contributed to increase net income.

He added that the telephooe company was "moving selectively to deploy technology. By following such a capital deployment strategy we seek to both protect and increase telephone company revenue."

Southwestern Bell serves about 8m customers in Arkansas, Kansas, *Missouri, Oklahoma and Texas.*

U.S. shipping line doubles net income

By Our New York Staff

AMERICAN President Companies, the U.S. west coast container shipping group, bas reported a 93 per cent rise in its third-quarter net income to a record $38.7m and plans to raise upwards of $60m through a common share issue.

American President, floated on the New York Stock Exchange last year, is staging a rapid recovery from early 1983, when it was losing money. The company said the record results are due primarily to the continuing increase in container trade volumes from Asia to *North America, higher U.S. import* cargo rates, improved operating efficiency and the company's ability to attract an increased percentage of higher-value, higber revenue cargo.

The company, which is relatively highly geared, bas also filed a registration statement with the U.S. Securities and Exchange Commission covering a proposed issue of 2m common shares.

The group's revenues rose by 10 per cent in the third quarter to $235.4m and for the nine months revenues are 23 per cent ahead at $686.1m. Net income for the nine month period bas jumped from $11.1m to $81.8m or $7.03 per share. The scale of the improvement in American President's performance is unnerlined by nine-month earnings which are comfortably ahead of the $74.7m earned in the whole of 1982 and 1983 combined.

Electronics groups advance

BY OUR FINANCIAL STAFF

NCR and Burroughs, the U.S. electronics groups, yesterday produced sharply higher third-quarter profits, although NCR's advance is entirely the result of tax changes.

Ohio-based NCR, whose products range from large computers to electronic cash registers, posted third-quarter net earnings of $96.9m, or 95 cents a share, against $70.2m or 64 cents. The latest quarter includes a non-recurring gain of $30.6m because of 1984 tax legislation.

For the nine months, net profits rose from $173.2m, or $1.58 a share, to $218.7m, or $2.09, on revenues up from $2.6bn to $2.8bn. In the latest quarter, revenues rose from $877.9m to $956.7m.

Mr Charles Exley, cbairman, said worldwide orders showed a good gain during the period.

Burrougbs, a leading producer of data processing and business equipment, lifted third-quarter net earnings from $38.8m, or 92 cents a share, to $50.2m or $1.11, taking nine-month earnings to $150.5m, or $3.32 a share, against $115.5m or $2.74. Revenues were $1.15bn ($1.03bn) in the latest quarter, and $3.49bn ($3.06bn) in the nine months.

Time lifts quarterly earnings by 52%

BY OUR NEW YORK STAFF

TIME, the U.S. magazine and publishing group, *lifted third-quarter* earnings by 52 per cent from $30.3m, or 47 cents a share, to $46m or 72 cents a share.

The underlying performance of the group, which, belped by buoyant magazine readersbip, was even stronger, since last year's net figure included a $6.96m non-recurring gain from divesled and discontinued operations. This left its net income from continuing operations in the same period last year at $23.3m *or 36* cents a share.

Mr Richard Munro, president and chief executive, said the magazine earnings were bolstered by Olympics-related advertising, which generated a 35 per cent increase in advertising *revenue over the previous* year. Sports Illustrated's Olymic issue bad been a big contributor to this jump.

The book publishing division recorded a solid profits improvement, Mr Munro added.

Sales *rose in the three months* from $657.9m to $751m, while in the first nine months of the year they were up from $1.95bn to $2.2bn.

Net profits in the nine months amounted to $149.7m, or $2.31 a share, against $114m, or $1.79 a share last year.

Earnings on a continuing basis last year, after accounting for a $15.3m gain from divestments, were $96.7m, or $1.55 a share.

KemaNobel chiefs to quit after takeover

By David Brown in Stockholm

THE president, finance director and two top divisional managers of KemaNobel, the leading Swedish chemicals group, have announced they will resign after the unwelcome takeover last month by the Bofors armaments manufacturer.

The announcement came as KemaNobel reported a strong profits rise for the eight months ending August, with pre-tax earnings before extraordinary items up 25 per cent to SKr 408m ($46.8m). The full-year figure, including income from the sale of its petrochemical assets, will virtually double to SKr 1bn, the group reported.

Mr Ove Sundberg, the managing director has made no secret of his opposition to the Bofors scheme after several years at the head of an independent restructuring effort which has begun to bear fruit. He released no statement yesterday, however.

KemaNobel has been moving away from the plastics material sector into special chemicals and consumer products, including paints and glues.

Total sales and other income climbed to SKr 4bn, an increase of 27 per cent adjusted for disposals. Sales in the adhesive and paints division climbed from SKr 911m to SKr 1.3bn, and turnover and earnings grew strongly in all divisions.

Saab to step up car output as sales climb

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SAAB-SCANIA, the Swedish motor and aerospace group, increased its profits by 35 per cent in the first eight months of the year.

The group announced yesterday that it is to expand its car production capacity by 25 per cent to 150,000 cars a year over the next three years with an investment of some SKr 380m ($41.3m) in new plant.

Group sales rose to 27 per cent in the first eight months to SKr 18.2bn while profits before extraordinary items, allocations and tax rose by 35 per cent to SKr 1.44bn.

Profits in the first four months rose by 79.8 per cent but the group warned that this pace could not be maintained over the rest of the year.

Profit margins have been held back by the production start-up costs for the group's new car, the Saab 9000, and its new short-haul civil aircraft, the Saab Fairchild 340, both of which were launched earlier this year.

The group's foreign sales rose by 34 per cent to SKr 10.1bn and it now derives some 62 per cent of turnover from outside Sweden.

Truck sales rose by 26 per cent to SKr 5.6bn. Prices are still under pressure but the group said that new orders for trucks had increased by 33 per cent in the first eight months of the year.

Sales of the car division rose by 28 per cent to SKr 8.1bn. In the U.S., which this year has become Saab's single biggest car market, the value of sales rose by 54 per cent.

Car production is expected to total around 104,000 units this year. Recent investments have increased capacity to some 120,000 units a year, however, and the new expenditure announced yesterday will further increase capacity to 150,000 units a year by 1988.

The expansion will create around 1,200 jobs.

Group turnover is expected to rise by about 25 per cent for the full year to around SKr 26bn.

UK computer group seeks new route to U.S. market

BY JASON CRISP IN LONDON

APPLIED Computer Techniques, the fast growing British computer group, is looking for new ways to move into the U.S. market following the collapse of its agreement with its distributor there, Micro D.

ACT is examining a number of possibilities, including raising finance to start its own operation in the U.S. One option being considered is to set up an associate company which would be largely financed by venture capital. The company is also still looking at the possibility of a link with a U.S. group.

The U.S. market represents about half the world demand for products like ACT's business personal computer. ACT has been very successful in the UK, Europe, the Middle East and Australia but does not have a presence in the U.S. and is keen to step up overseas sales.

The company started trying to move into the U.S. market late last year when it took a stand at a major exhibition. In April it signed an agreement with Micro D which collapsed in August.

Breaking into the U.S. market is likely to be a very high-risk exercise. Sales of personal business computers are weak and the market is dominated by IBM, Apple and Compaq. A succession of U.S. companies, often with highly rated products, have recently gone bankrupt.

ACT's policy has been not to risk the company on trying to break into the U.S. market.

INTL. COMPANIES and FINANCE

Chemical groups maintain growth

By Terry Byland in New York

ALLIED, the U.S. chemicals group which has interests including oil, gas and industrial products, and Hercules, which has a stake in Erbamont NV, the health care subsidiary of Montedison of Italy, both maintained profits growth in the third quarter.

An increase of 18 per cent to $126m, or $1.30 a share, at Allied reflected the strength of automotive, defence and electronics earnings, as well as expanded oil and gas operations in Indonesia, said Mr Edward Hennessy, chairman. The 1983 total included a gain of $12m, or 16 cents, from the sale of shares in Martin Marietta, offset by an $11m loss on discontinued operations.

Nine-month earnings are also 16 per cent ahead at $389m, or $4.06, on sales of $6.2bn against $7.5bn. In the 1983 period discontinued operations cost $40m, offsetting gains of $21m from Martin Marietta stock sales and $39m from accounting change.

Third-quarter net profit at Hercules is 28 per cent up at $55.9m, or $1.00 a share, although sales gained less than 1 per cent at $572.1m. For the nine months, net earnings are 24 per cent ahead at $153.1m, or $2.74, with last year's figures including a $22.8 gain from the investment restructuring which created Erbamont NV. Sales are level pegging at $2bn.

Boskalis agrees Petrogas sale

BOSKALIS Westminster, the troubled Dutch dredging group, has reached agreement on a management buyout of its Petrogas subsidiary.

Petrogas is the last of three profitable subsidiaries Boskalis is selling as part of a restructuring programme. Reuter

Paul Betts looks at French components strategy

Valeo applies finishing touch to motors rejig

THE restructuring of the French alternator and starting motor industry will have finally taken Valeo, the leading French car component group, nearly 15 years to complete.

Valeo is now trying to absorb the last, and perhaps most difficult, piece of a costly jigsaw to complete the restructuring of an industry which started back in 1970 with Valeo's takeover of the SEV-Marchal car components group. This was followed in 1977 by the takeover of Paris-Rhone and then of the controlling 60 per cent stake last year in Motorola-Alternateurs, the alternator production facility of the U.S. electronics group at Angers, in western France. Last March, Valeo took full control for a nominal FFr 1 of Ducellier, the loss-making French motor components group which it jointly owned with the Lucas Industries group of the UK.

"I think with Ducellier we have finally reached the end of the road. There is now no one else left in this industry in France," remarked M Andre Boisson, Valeo's chairman. But if Valeo has now managed to regroup the alternator and starting motor sector under one umbrella to enable it to achieve the necessary economies of scale to compete in a difficult market, it has also taken on a major industrial headache.

M Boisson acknowledges that the association with Lucas in Ducellier, never a very happy one, is a case of a missed opportunity between two leading European components group to collaborate. At the end of the day, each company decided to go its own way. Indeed, in the long negotiations between the French and British companies over the future of Ducellier, Valeo had hoped to take over Ducellier's alternator and starting motors business with Lucas taking the French company's electronic, headlamp and ignition operations.

"Lucas changed its mind at the last minute over the split," says M Boisson. "This caused us a big problem because we bad not prepared ourselves for this." To avoid Ducellier being forced to file for bankruptcy—and M Boisson says the risk was very real—Valeo ended up taking over all the Ducellier operations, employing 5,400 people in France, with annual sales of FFr 1.25bn ($131m) last year and accumulated losses of FFr 200m in the last four years.

Ducellier is continuing to lose money heavily, at an average rate of FFr 6m-7m a month with peaks of FFr 10m a month. Its deficits come on top of the losses, admittedly smaller, which Paris-Rhone, the other large Valeo alternator and starting motor subsidiary, is continuing to post.

"The profits from our other branches go at present to help offset the losses in the alternator sector," M Boisson says. Valeo reported group earnings of FFr 87m last year on sales of FFr 9bn, compared with earnings of FFr 70m on sales of FFr 7.8bn in 1982. The year before, Valeo had a loss of FFr 221m as a result of a major restructuring effort involving 3,800 lay-offs that year.

RECENT PERFORMANCE

	Sales FFr bn	Net profit FFr m
1978	4.9	154
1979	6	217
1980	6.7	44
1981	6.9	221*
1982	7.8	70
1983	9	87

* Loss.

Indeed, Valeo shed about 5,000 workers between 1979 and 1983. But with Ducellier, its workforce is now back to the 1979 level of about 32,000.

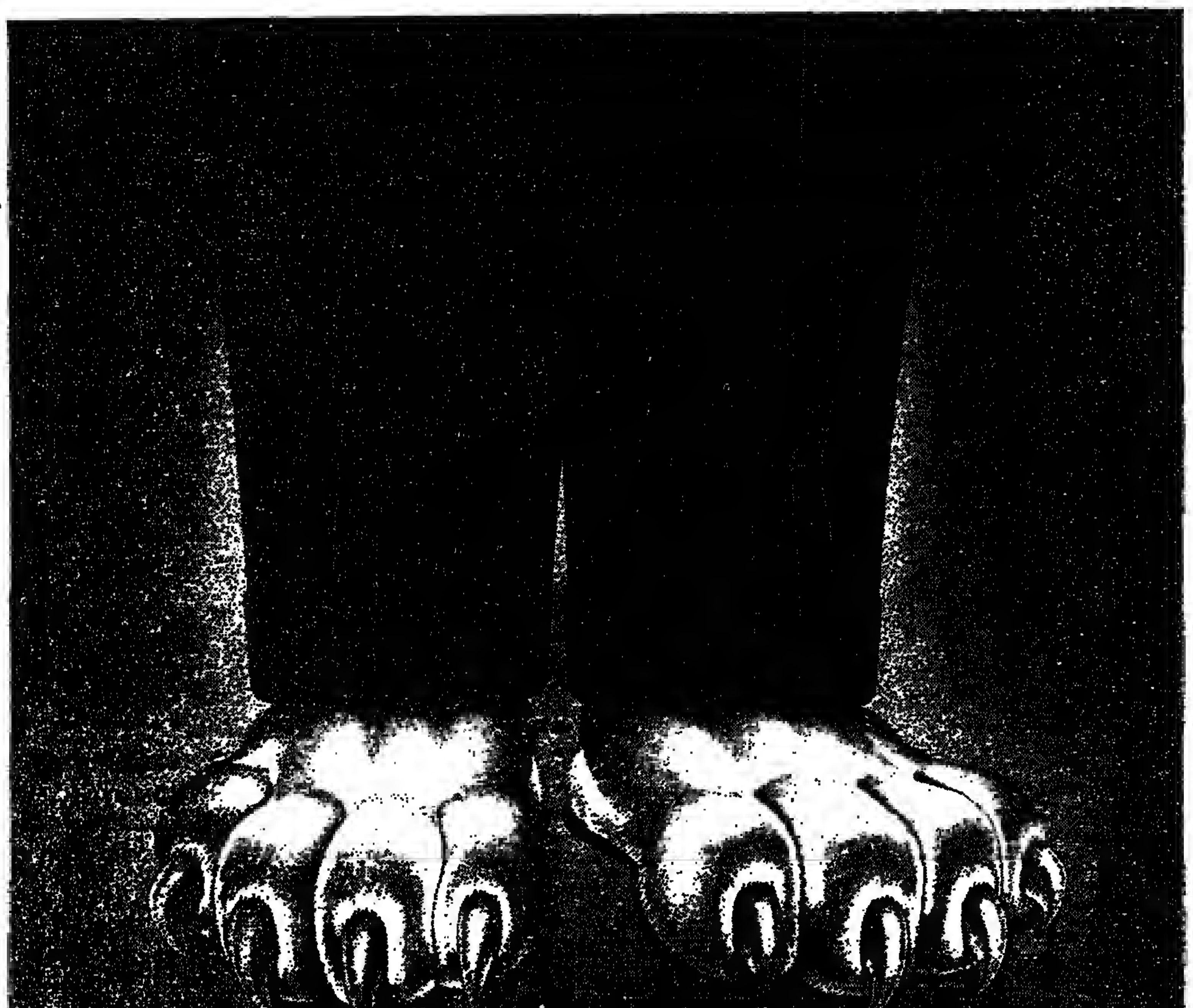
For Valeo, the restructuring of the alternator and starting motor business has been particularly costly, because the group has had to perform it over an extended period in several stages. In the current state of the car industry—"there is no more growth in the car business," says M Boisson—Valeo has sought the support of the French Government, the banks, the two French car makers, Renault and Peugeot, and the co-operation of the labour unions to help it restructure Ducellier with the aim of returning the subsidiary into the black by tha beginning of 1987.

M Boisson says that the restructuring package for Ducellier will work only if all the different conditions for the recovery of the subsidiary are fulfilled. He says that the French car manufacturers have agreed in principle to buy a certain quota of their alternator and starting motor needs from Ducellier. The banks too have agreed in principle to a debt rescheduling for Ducellier, although the Government, in a major phase of budgetary restraint, has so far given no indication of how much (if any) support it was prepared to give. As for the unions, Valeo is in the midst of delicate negotiations to reduce Ducellier's workforce by about 18 per cent to compensate for a 20 per cent fall in production activity.

Valeo announced in July it wanted to lay off 970 Ducellier employees. Over the summer, by a series of measures including shortening the work week by two hours without pay compensation, early retirements and voluntary departures, Valeo managed to reduce the number of lay-offs to 480. The company is also adopting a novel approach for a French group to resolve its job cut proposals by seeking alternative employment for its redundant workers and then offering them the necessary training for the new job.

In the future, Valeo will seek to expand Ducellier's activities in foreign markets. The subsidiary is at present essentially entrenched in the French market. For Valeo as a whole, foreign markets have been the main source of growth. The group has recently been actively trying to expand its presence on the U.S., and M Boisson suggested Valeo was considering investing in an assembly plant to manufacture clutches in the U.S. Valeo already makes heating and cooling systems in the U.S.

As for Lucas, M Boisson does not rule out future collaboration with the British group. After all, he says, Lucas has the option of becoming a minority shareholder of Valeo when the French group next increases its capital under the terms of tha Ducellier sale agreement.



Sharply higher first-half loss for Poclain

By David Marsh in Paris

POCLAIN, the troubled French excavator group owned 44 per cent by Tenneco of the U.S., suffered sharply higher net losses in the first half of 1984, up to FFr 184.3m ($19.3m) from FFr 111.6m in the first half last year.

The company has been aiming to return to break-even next year, after losses of FFr 198m last year and FFr 283m in 1982 which entailed big financial rescue programmes from French banks, Tenneco and the state.

The size of the first half deficit is partly due to restructuring measures put into effect in the six months, as well as higher interest costs on debts contracted before a FFr 250m capital increase took effect at end June.

Operating losses were up to FFr 123.2m from FFr 93.1m in the same period last year, on group sales of FFr 1.43bn against FFr 1.41bn.

Poclain said the state of the excavator market — a sector in which it is Europe's leading company—remains "worrying," especially in France, but the worsened results were consistent with its forecasts. It said an ancillary reason for the *higher losses* was *the necessity* to make commercial discounts to maintain market position.

It added that industrial restructuring — which includes tough measures to trim jobs and rationalise production — should start gradually to bear fruit in the second half.

Volvo lifts stake in Hamilton Oil to nearly 50%

By Kevin Done, Nordic Correspondent, in Stockholm

VOLVO, THE Swedish motor, energy and food group, has succeeded in its bid to increase its stake in Hamilton Oil, the U.S. oil company, to just under 50 per cent. It has offered some $91.6m to buy a maximum of 4.7m additional shares in Hamilton to increase its current 32 per cent holding to close to 50 per cent.

Volvo said that an estimated 6.5m shares had bee ntendered underthe offer, which was set at $19.50 per share. When the offer was made Hamilton shares were trading at about $16 a share. Volvo said it had no intention of increasing its holding above 50 per cent.

Volvo has chosen to make Hamilton Oil its main vehicle for investment in the oil and gas industry. Hamilton is a substantial U.S. independent oil company, with important interest in the UK sector of the North Sea.

N. AMERICAN QUARTERLY RESULTS

HUMANA
Hospital management

Fourth quarter	1983-84 $	1982-83 $
Revenue	658.7m	579.4m
Net profits	45.4m	40.4m
Net per share	0.47	0.40
Year		
Revenue	2.61bn	2.3bn
Net profits	193.3m	160.6m
Net per share	1.96	1.68

KAUFMANN & BROAD
House building, insurance

Third quarter	1984 $	1983 $
Revenue	165.7m	153m
Net loss	9.6m	6.8m
Net per share	0.65	0.41
Nine months		
Revenue	394.5m	425.5m
Net profits	21.6m	14m
Net per share	1.33	0.87

SAFEWAY STORES
Largest U.S. supermarket chain

Third quarter	1984-85 $	1983-84 $
Revenue	4,564m	4,300m
Net profits	38.7m	47.1m
Net per share	0.65	0.28
Nine months		
Revenue	13,512m	12,807m
Net profits	108.3m	108.1m
Net per share	1.83	1.96

SULPETRO
Energy, exploration

Nine months	1984 C$	1983 C$
Revenue	165.3m	166.1m
Net loss	33.9m	27.8m
Net per share	—	—

SYNTEX
Drugs, health care

Fourth quarter	1983-84 $	1982-83 $
Revenue	232m	224.3m
Net profits	26.3m	36.5m
Net per share	0.82	1.13
Year		
Revenue	916.5m	870.2m
Net profits	134.8m	149.3m
Net per share	4.08	4.30

TEKTRONIX
Instruments, oscilloscopes

First quarter	1984 $	1983 $
Revenue	306.2m	268m
Net profits	17.8m	13.5m
Net per share	0.92	0.71

TELEDYNE
Special metals, electronic

Third quarter	1984 $	1983 $
Revenue	853.8m	743.2m
Net profits	97.5m	71.9m
Net per share	8.52	3.53
Nine months		
Revenue	2.83bn	2.19bn
Net profits	488.8m	215.5m
Net per share	29.78	10.61

WACHOVIA
30th largest U.S. bank group

Third quarter	1984 $	1983 $
Net profits	27.7m	22.7m
Net per share	0.86	0.71
Nine months		
Net profits	78.1m	68.9m
Net per share	2.42	2.08

Lack of monetary policy blamed for Kuwait crises

BY MARY FRINGS IN BAHRAIN

KUWAIT'S failure to adopt an effective monetary policy to cope with the enormous pressure of private liquidity after successive oil price increases was at the root of its 1977 and 1982 financial crises according to Mr Peter Minchin, a member of the London Stock Exchange and general manager of the Securities Group of Kuwait.

Mr Minchin was speaking in Bahrain at a two-day conference on financial accounting practices in the Middle East, organised by Middle East Economic Digest (Meed).

In an analysis of the development of the Kuwaiti corporate sector and the boom and bust cycle which followed the introduction of forward trading in Kuwaiti and Gulf company shares, Mr Minchin said there was no concept of crisis prevention and that the Government now owned a third of the entire Kuwaiti market.

Unless its holdings were sold back to the private sector to soak up the available funds there could again be an extrema shortage of tradeable stock, leading inevitably to overvaluation, he said.

Other ingredients in e recipe for disaster were weak control of bank credit, a recurring failure to stamp out unlimited and unsecured non-banking credit in the form of post-dated cheques, the formation of companies for the sole purpose of trading in their shares, insufficient control over trading mechanisms, lack of understanding of accepted investment criteria, the scarcity of readily available investment anaIysis and advice, and the use of misleading appropriation statements in company reports.

On the latter point, Mr Minchin said there was misapprehension about the effect of scrip issues, and rather than putting part of the current year'a profit into bonus shares, scrip issues should be shown as capitalisation of reserves. In the past investors had failed to grasp the dilution aspect of a scrip issue and only one or two days after it, share prices had reverted to their original level.

Mr Robert Hughes, a partner in Ernst and Whinney, Dubai suggested that while there had already been an improvement in the standards of financial reporting, more investigation into company collapses and the publication of the results was necessary.

Success for Pioneer Concrete issue

By David Dodwell in Hong Kong

PIONEER CONCRETE Services, the Australian manufacturer of pre-mixed concrete, asphalt, and quarry prodncts, revealed yesterday thet tbe first tranche of an A$100m, (US$83.2m) Euro-commercial paper borrowing programme has been four times oversubscribed.

BA Asia, the Hong Kong-based subsidiary of Bank of America which is acting as lead manager for the issue, said Pioneer is the first Australian company to issue Euro-commercial paper, which is essentially short-term promissory notes issued by corporate borrowers on the Euro-market. The notes were issued by tender.

The borrowing programme, which will involve issues for one, two, three, six and 12 month periods, has been underwritten by 10 banks. Previous borrowing for Pioneer, the international operations of which are based in Texas, the UK, and Hong Kong, has been hy means of syndicated Eurocurrency loans. Substantial diversification over the past five years has hroadened group operations into mineral and energy exploitation.

● Also in Hong Kong Kia Industrial, one of Korea's leading vehicle manufacturers, has announced two syndicated term loans, worth US$30m and Y5bn (US$20.2m).

The loans bave been guaranteed hy the Korean Development Bank, with funds coming from 20 banks. They are to he used to cover Kia's foreign curreocy costs in expanding its vehicle manufacturing plant in Sohari, Korea.

Multi-option loan package for Leighton

SYDNEY—Leighton Holdings, Australia's largest building and civil engineering group, has awarded a tender for a A$110m (U.S.$92m) financial package to the Commonwealth Bank of Australia.

The package comprises domestic hanking and multi-option domestic and foreign currency financing facilities.

Leighton, which is 40 per cent owned by Hochtief of West Germany, said the multi-option package gave it the flexibility required for its current phase of rapid expansion.

Reuter

Two-thirds of Saudi companies in profit

RIYADH — Saudi Arabia's Ministry of Commerce has reported that 800 out of 1,200 limited liability Saudi companies turned in a profit last year.

Of the remaining 400, 70 or 5.8 per cent were liquidated, and the rest were barely breaking even or losing money, said Mr Abdul-Rahman Al-Zamil.

Mr Al-Zamil aaid that companies went bankrupt in every country, and that the hankruptcies in Saudi Arabia did not mean that the country was in a financial crisis. Instead, he said, the poorly-managed companies were forced out of business hy healthy competition.

The construction sector was likely to continne getting smaller, while maintenance companies, and manufacturing enterprises would become stronger, said the Minister.

To help contractors, The Kingdom has enforced a rule whereby at least 30 per cent of any government building contract must go to a company completely owned by Saudis. This restriction applies to joint venture companies of Saudis and other nationalities. The purchase of Saudi-built huilding materials would not be permitted to eccount for the entire 30 per cent requirement.

AP-DJ

Bryant gets boost from homes side

AS ANTICIPATED at the interim stage, Bryant Holdings had a very satisfactory performance from all its activities in the second six months to May 31 1984, which resulted in full year pre-tax profits up from £7.74m to a record £11.3m. Turnover was also substantially increased to a best-ever £119.43m, against last year's £90.98m.

Mr Chris Bryant, the chairman, says the results have been achieved from the continued success of the group's private homes activity, backed by solid contributions from both the property and construction divisions. At the six months stage, he reported group taxable profits up from £3.47m to £4.73m.

Profits from homes for the full year jumped from £6.13m to £9.47m, on £88.95m (£66.15m) sales. Property investment contributed £1.53m (£1.44m) on turnover of £3.26m (£2.97m) and construction profits improved by £18,000 to £860,000, on £27.19m (£21.86m) turnover.

On the outlook, Mr Bryant cautions that he does not anticipate that the excellent results from homes development in the second six months will necessarily be repeated this year, due to a slightly less favourable mix of anticipated completions. He feels that both property and construction activity results are likely to be similar or show a slight improvement.

All in all, the company would need to have the benefit of a favourable economy to match this year's results, the chairman points out.

Following the increase in profits, the board feels justified in raising the year's dividend from 2.2p to 3p net per 25p share, with a final of 2p. Earnings per share rose from 7.9p to 9.2p.

Pre-tax results were struck after a share of associates' losses of £56,000 (£278,000 profits) and interest payable of £641,000 (£1.1m). Interest receivable was unchanged at £143,000. After a sharply higher tax charge of £3.98m (£1.41m) the net attributable balance was ahead £1.02m at £7.35m.

The group has continued to make aditions to its lan bank for homes development which now stands at £38.9m (£32m), representing approximately five years' supply at the present level of sales. This land is value at the lower of cost and net realisable value and the board believes that the present market value substantially exceeds the balance sheet figure.

Mr Bryant says the group's balance sheet remains strong and despite the additional capital investment required for increased activity, the particular attention paid to cash flow has resulted in net borrowings at £8.9m, compared with £7.9m last year.

The chairman reports that it was a good year for Bryant Homes, with record turnover and profits achieved.

The company survived the very dull market at the end of 1983 in good order and the enthusiasm for buying homes which re-emerged in January, togetherw ith plenty of mortgage money, took it forward to the year end with very considerahla momentum.

Mr Bryant points out that the company made some excellent sales on developments where its land was particularly cheap. Consequently, the second half year was very satisfactory and shows up favourably against the first six months.

Because of Bryant's concentration on the higher end of the market and its belief in using traditional construction methods, it avoided the difficulties associated with starter homes and timber-framed houses.

● comment

It is rare for the market to register so little enthusiasm in a company which overshoots the best forecasts of its pre-tax profit by about 15 per cent. Yet Bryant Holdings' shares moved up just 1p to 64p yesterday in really another reflection of the bad light in which all building companies currently stand in the City. At this level, Bryant is priced at just 6½ times earnings —assuming pre-tax profits in the current year again reach £11.3m and the tax charge is unchanged at 35 per cent. This seems too low—the company is on target to sell as many homes—about 2,000—this year as last, maintaining its share of the new homes market. Equally important, if there is any serious downturn in the industry, Bryant should be well protected from its worst effects—first because only 20 per cent of the homes built are sold to first-time buyers and, secondly, the balance sheet—with gearing at just 13 per cent—is very strong for a builder with a five-year land bank. The shares then have good defensive qualities.

DIVIDENDS ANNOUNCED

Armour Trust		0.18	Jan 27	0.17	0.18	0.17
Antofagasta	int.	5	Nov 9	3	—	13
Bryant Holdings		2	Dec 5	1.65	3	2.2
Albert Fisher		1†	Jan 7	1	1.5	1
Hugin	int.	1.17	Oct 13	—	—	—
Markheath Secs.	int.	4.55	Nov 30	4.55	—	9.75
Medminster		3.1	Jan 7	2.8	4.85	4.4
UEI	int.	2	Dec 3	2	—	5.25

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Armour up to £321,000 and sees expansion

PRE-TAX profits at Armour Trust rose by some £25,000 to £321,000 in the year to April 30 1984, and the directors state that the current year has started satisfactorily.

The group, traditionally a confectionery manufacturer, has interests also in the high technology and electronics areas, and is investigating further acquisitions, including opportunities in the electronics area.

It is intended that over the medium term a major earnings base, in addition to confectionery, will be established on which the group can build.

The comparable figure last time benefitted from a nonrecurring write-back of provision in excess of £70,000. When this is eliminated profits from trading activities grew by 47 per cent, say the directors, from turnover which actually fell from £8.38m to £8.18m.

The single dividend is to be increased from 0.165p to 0.182p net per 10p share, with earnings quoted at an unchanged 1.5p per share.

Tax was virtually the same at £25,000 (£26,000), while an extraordinary debit for deferred tax amounted to £74,000 (nil). There was also an extraordinary credit of £27,000 against £64,000, and minorities took £3,000 (£4,000).

The directors state that the improvement over last year's profits reflects considerably increased profitability of Carter Penguin Group, and an initial return on the group's new investment.

Carter Penguin increased pretax profits by 20 per cent on a turnover increase of only 3.9 per cent as a result of increased efficiencies in all operating units.

Bonds of London purchased a leasehold interest in a 40,000 sq ft factory in Leyton, east London. The transfer of all production facilities has now been successfully completed.

In October 1983 the company purchased a 22 per cent interest in Microsell Systems, which bas installed over 100 units with the Clydesdale Gronp and recently commenced its most significant contract to date with Laskys, the electrical retail group. The contract is worth more than £500,000.

In February 1984 Armour purchased a 42.5 per cent interest in Kestrel Electronics, and it bolds a number of exclusive UK agencies primarily for Rohm of Japan.

Bookings are expanding significantly and are curreotly running at a rate of more than £1m per annum, but due to long lead times, billings are increasing more slowly, say the directors.

UEI climbs to £4.6m despite engineering fall

DESPITE A reduction in the contribution from engineering activities, UEI, the investment holding company which also has electronics interests, raised pretax profits from £4.34m to £4.61m for the six months to July 31 1984. Turnover was up to £36.34m, against £32.15m.

With stated net earnings per 10p share unchanged at 5.1p, the interim dividend is maintained at 2p net—last year's total was 5.25p on £8.21m taxable profits.

In the first six months, the group's electronics side lifted taxable profits (before central overheads) by some £1m to £4.01m on turnover of £24.71m (£20.14m), while engineering profits were £0.57m lower at £1.3m from £1.63m (£12m) turnover.

Additional sales from the existing products, as well as the successful penetration of the new Quantel products into international markets, have been responsible for the growth of the electronics division in the half year, the board explains.

The Quantel Paintbox has progressed to become the standard for TV grapbics studios. Link Systems has substantially improved its market position in micro analysis systems worldwide and Link Electronics bas hegun manufacturing the 130 camera for delivery later this year.

In the engineering division, the Cosworth Engineering Group increased profits in the balf year

Mr David Moulds, chairman of UEI

and has now completed the commissioning of its new high technology foundry at Worcester, further reinforcing its position as world leader in the design and manufacture of innovative automotive products for the specialist market, the board states.

Vehicle design expenditure at Quest 80, wholly written-off in the period, has been principally responsible for a reduction in the division profits.

Group operating profits for the six months increased from £5.2m to £5.71m, before interest charges of £1.11m, against £956,000.

After tax of £1.94m (£1.53m) —estimated at 42 per cent (36 per cent), and minorities credits of £56,000 (£6,000), the attributable surplus was £2.73m, compared with £2.61m.

● comment

UEI is emerging from the trough, but still has a good way to go before regaining its earlier impressive profits growth. Just as Yewlands was turning from a £400,000 loss to a near break-even, Quest 80 bad to take a £500,000 design write-off relating to a new range of lightweight security vehicles, which will not start producing profits for e year or so. The rest of the division's 30 per cent profits decline was due to the impact of the miners' strike on Dunsley'e sales of open-fire central heating systems. Cosworth is the division's bright spot; dua to take the first profits from its Mercedes contract in tha current half, with other related projects soon to come on stream. Electronics profits rose by a third, mainly thanks to the success of the Quantel Paintbox animated television graphics system. First deliveries of the Link 130 camera will add to the momentum later in the autumn. Full-year profits should rise above £10m pre-tax, leaving the shares, up 2p to 178p, on a fair prospective multiple of just under 16½.

UK Provident hit by LAPR withdrawal

The loss of Life Assurance Premium Relief (LAPR), taken away hy Mr Nigel Lawson, Chancellor of the Exchequer, in this year's Budget, bas made a severe dent in the new life business of United Kingdom Provident, a leading mutual life company.

New annual premiums in the third quarter fell from £10.3m in the corresponding period last year to £10.7m, while single-premium business was virtually halved from £21.4m to £12.3m.

The drop in single-preminm business reflected the decline in sales of UKP's income and growth bonds. The loss of LAPR cut the yield on the annual premium element of these bonds and thus took away their competitive edge.

However, new life business at the nine-month stage still sbowed a bealthy increase over the corresponding period last year, thanks to a buoyant first quarter. New ennual premiums over the nine-month period are still 15 per cent up at £34.7m against £30.2m, and single premiums still nearly 30 per cent ahead at £73.2m compared with £57m.

UKP reports that its intermediaries are switching their *sales efforts from life to pensions* contracts, though the success story for the company over the period lies in sales of company pension plans.

New annual permiums on group pensions nearly tripled over the nine months from £5.8m to £15.6m, while single premium husiness rose from £2.4m to £12.4m. The company's new money purchase scheme got off to a good start with annual premiums of £1.3m. But most of the group pensions growth came from the success of its deposit investment plan.

Sales of self-employed and executive pension plans showed a mixed picture.

Acquisitions lift A. Fisher to £1m

IN LINE with recent estimates, Albert Fisher Group has passed the £1m profit mark at the taxahle level for the year to August 31 1984, and has shown earnings per 5p share more than douhled from an adjusted 2.6p to 5.6p.

Ths profit for the period was £1.09m compared with £327,000, and includes the results for F J. Need (Crewe) and Henry Long Group, acquired in late 1983, and a two-month contribution from Stokes Bomford (Foods) acquired last June.

When the group—a fruit and vegetable wholesaler—expanded into the U.S. last montb with the £5.5m purchase of Carnival Fruit Company, Mr Tony Millar, the chairman, estimated that pretax profit would be "in excess of £1m" and that earnings would rise hy 70 per cent to 4.4p.

The total dividend for the year has been boosted hy 0.5p net per share ot 1.5p on increased capital with the payment of a 1p final as forecast.

Turnover was nearly trehled from £15.06m to £44.37m, reflecting the acquisition activity. If the results of the acquired companies are included on a pro-forma basis, comparable, turnover and pre-tax profit figures were £32.76m and £783,000. The food division accounted for the major part of the improved result, adding £634,000 (£448,000) to the total, with the rest coming from distribution at £457,000 (£335,000).

The tax charge rose sharply from £28,000 to £208,000 to leave net profits at £883,000 (£299,000). Extraordinary items, relating to a deferred tax provision as a result of the Budget changes, accounted for £276,000 (£32,000).

From an attrihntable £607,000 (£267,000) dividends totalled £342,000 (£116,00), with tha company retaining the balance.

183 companies are wound up

Compulsory winding up orders against 183 companies were made in ths High Court. They were:

Frapso, LWP Financial Services, G. F. West, Friuli, Kings Country Club, Hydrosphere, H. J. Howard and Sons, and Calco Inspection Services.

Eurotel Holdings, Beadle Engineering Company, Lonrho Property Holdings Panama SA, Hamilton Property Holdings Panama SA, Woodcote Building Contractors, Commercial Heating (Balham), Dove Valley Contractors, Glebecroft, and Weathermaster Windows.

Dartford Squash Club, Sackville Studio, Forest Tools, Stanley Jevons Tools Company, Jarafield, Heliotechnic Associates International, Rotary Swaged Products, T.M.Y. Flooring (Woodford), B.L.R. Marketing, J. & W. Gaskell (Garages), Industrial Climates Control, and D. Davenport and Co.

Transport Services (Park Gate), Chevin Construction, Sportman Holidays, Lizjas, T. J. Williams (Builders), McGeever, A & N Trading, L. A. Ryder and Company, Dartsure, Shico, Chessford, Navetsco, and Sign & Design.

Van De Meer UK, Clarmet, Docker Checketts, Winterhurst, Poole Harbour Boat Company, Tashward, Tudorbrook Elk (Bedford), Herbertson & Company, Gidley Wrighth, Keystroke, and Betsmead.

Combined Tippers of London, M. Davies & Son (Cardiff), L. W. V. Loxwood, Vogue Globe, Adepta Building Company, Centre Link Communications, Ponderosa Promotions, Eurosabre, Prima (France), Harris and Henderson (Builders), W. & A. Bricknell, Leatherhead Insurance Brokers, and Morris Vulcan.

Key Security Guards, Moorgold, Quality Assurance and Metallurgical Services Co., Grays Video, Blackstarling, Firechoke, T.M.J. Installation Heating, Global Resources & Enterprises, The London Shoe Emporium, Transit Cars International, and Dupre.

Belvefirm, Cameo Hair Care By Jayne, Magnum Leisure, Centeven, Artel Home Video (UK), The Rock Art Shop, Transit Media & Marketing, Scope Computers, Provereed, Jennifer (Cambridge), Heronville, Tulsecourt, G. Ward & Son (Clifton), and Andrew Poll Automohiles.

Jim Jermey, Applespire, Kirglade, C. H. Davenport (Builders), Retec Machinery, Insurance and Investment Consultants, Bennett Toocaze (Sales), Pierre Moerlen Music, Daransea, IAAC (Cargo), Brigant, and C & C International.

Permawarm Insulation Co., Estate Owner Services, Londonia, Ferguson Thorley Bowles Associates, Definition, Walbank Warwick productions, Stocks & Sons (Haulage Contractors), Beautiful Sunday Music, Graybury Services, Havard Appointments, Clisia, Solent Sporting *Facilities*, and Ewedell Insulation.

Craven Motor Company, Datapbyl Contracts, Newcastle Metal Co., Boomwood, Cemport, Hestaport, Tamworth Gear & Spline Grinding Company, U.T. Bar, Wordata Bureau, Command Products, Vicplan Advertising, Arthur Oakes Developments, Faircloth Manufacturing Co., Cornmere, and Eyneshury Personnel Services.

Teestow, Geo. C. Stansell, Joe Alloo (Hull), Sussex Stone, Midland Fabrication, Installation Contract Equipment, Blue Grace, Forum Crest, Dukes Road Investments, and Elmcret Car Hire.

MGM Design, Revcourt, Richard Harrison Construction, Besport, Westcoast Leisure, Moderngreen, Show Trucking, Henri Papillon and Company, Pandata Systems, Clydesdale Service Station, Isherhond, and Mainbridge Industries.

Frederick James, Voltaport, P. E. Thomas (Portcawl), Soundbell, Thorgrin Television, Inigo Enterprises, Morafine, Shoegrade, The Video-Link Organisation, Dreambuild, and Ropemay.

Dorchaster Estates, McQueen of London Imports, Energy Oil and Ga sDevelopments, Citylane Properties, Powertown, Allang Properties, Hau-Hammond Company, Peterborough Document Services, Radero, Bow Corporation, Dwyer Packaging System, Bow Strapping, and Bow Health Products.

R. Taylor (Demolition), Brody and Hicks Photographic, Radprime, Bharwaneys, Kings (Eastbourne), Wyndham Leisure and Baronlock.

Markheath first-half losses rise

Losses of Markheath Securities, commercial and residential development concern, increased from £247,000 to £458,000 in the first half of 1984. In line with the company's seasonal trading pattern there were no commercial building salea for the period and all sales will once again occur in the second balf.

Turnover rose from £0.8m to £1.3m. Losses per 25p share were np from 1.74p to 3.01p, but tha nat interim dividend is maintained at 4.55p—last year's total was 9.75p on £1.29m pre-tax profits.

The directors say corrent strong tenant demand for the group's developments should enable sales to institutions to occur. Providing these sales take place in 1984 on satisfactory terms, the profit for the year ought to be higber than 1983.

LADBROKE INDEX
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675-679 (−3)
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Furniture activity helps Medminster to £0.49m

ANOTHER BUOYANT year at Medminster has produced increased pre-tax profits of £492,475 against £397,846, and higher dividends, with a final of 3.1p compared with 2.8p raising the total from 4.4p to 4.85p.

Furniture hire has started the year in excellent shape as anticipated, and although the shipping division suffered a minor hiccup through the two dock strikes, the directors expect another good year from the gronp as a whole.

Earnings per 10p share for the year to the end of June 1984 are shown as rising from 10.36p to 12.84p excluding an exceptional deferred tax credit or to 19.52p including the same.

During the year under review furniture hire companies were particularly active, and the company is opening another warehouse for Camden Furniture Hire at White City Industrial Park which will cater specially for television, film studios and conferences. Steady and increased profits ars expected from this division in ths current fiscal year.

In the Northern division Gimberts has a following of film, television and photographic studioe in the Midlands and north. The company is now attracting buyers from southern stations.

Each year the company has made large purchases of furniture of all periods from antique to modern and excellent profits are made wben furniture is sold.

Shipping companies had an excellent year and have opened new outlets, tha directors say.

During the current year, Cube will open s London office to handle onward freight from N. *America, freight forwarding* and ship's handling will then be represented in Liverpool, Manchester, Felixstowe, Newport and London.

Bonusbond in the black at half year

Bonusbond Holdings turned in a pre-tax profit of £60,000 for the first half of 1964, as against a £23,000 loss last time. The company is engaged in the issua and redemption of incentive bonds and the provision of promotional and incentive consultancy and leasing.

Turnover dropped from £3.74m to £3.61m and gross profits were £19,000 lower at £448,000. Distribution and administration costs decreased to £440,000 (£537,000), while other income added £21,000 (£24,000) and interest receivable £67,000 (£58,000). Interest payable took £36,000 (£35,000).

After tax of £32,000 (£2,000) stated earnings per 10p share wehe 0.81p (0.73p losses) basis, or 0.57p (0.51p losses) fully dilnted.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk.	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1 month 8.00%. Fixed rate 12 months £2,500 8.75% £10,000. 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

BIDS AND DEALS

Beazer bids £33m for M. P. Kent

BY RAY MAUGHAN

C. H. Beazer (Holdings), the Bath-based property investment and building group, yesterday launched a bid worth £33.37m for Bristol-based property developer, M. P. Kent.

The deal, however, had most impact on the shares of Bath & Portland which, over the weekend, bed launched its nwn offer for M. P. Kent. Bath Z Portland roso 21p to 214p, reckoning nn an eventual bid from Beazer, on tha basis that Kent has 18.1 per cent of tha equity and Beazer is understood to hold a further 2-3 per cent.

Although Beazer has made a virtue of its constant commitment to growth by organic means and through acquisitions, Beazer would nnt be drawn on the possibility that Bath & Portland would be next on a long list of bid attempts. The stake was described by Mrs Brian Beazer, chairman of C. H. Beazer, as a "sound investment" but there was no telling when, if ever, his group would launch an offer for the quarrying company.

"We have nnly just lanncbed the bid today for Kent," Mr Beazer said, "and we will have to see bow that goes. Wo know they have a sound investment in Bath & Portland and in dne course our board will have to decide what to do with it."

Beazer is offering 350p in cash and one of its own shares—down 8p yesterday at 350p—for every nine shares in Kent. Thet values Beazer's target at 77.8p per share against a closing market price of 74p, up 7p yesterday.

The offer has won acceptances fromth a Kent board and related holdings in respect of 36.6 per cent of the capital and chairman Mr Michael Kent and Mr Gerald Jiggins, the managing director, will resign.

Beazer still holds a near 17 per cent stake in Newcastle-based housebuilder, William Leech. That bid was blocked by the npposition of the William Leech foundation for which the company president has power of veto.

The prospect of a renewed bid from Beazer has pushed the Leech price ahead in recent weeks, but Kent operates in mnch the same neighbourhood as Beazer and is advised by the same merchant bank, County Bank.

Kent first disclosed its potentially strategic stako in Bath & Portland, which once built roads in Iran, last month when Anglo American unloaded e holding of just under 15 per cent. Kont, at that point, beld a 3.4 per cent interest and the chairman joined the board.

The deal, however, contained a condition that Kent would not buy more than 21 per cent of B & P for the next five years. Bath & Portland bad hoped to expand its bonsebuilding operations and buy development land from Kent.

The lato intervention from Beazer, at wbat is thought to be a substantially bigher bid price, bas put paid to those aspirations. Beth & Portland is engaged primarily in quarrying following its withdrawal from the civil engineering sector. But, under the chairmanship of Mr Iain Macdonald, e former executive of Hill Samuel and bead of the Takeover Panel, the group has moved successfully into the instrumentation sector through the KDG Instruments subsidiary.

Beazer is widely expected to produce profits of £11m wben it reports later this mooth for the year to June 30. Kent produced pre-tax profits of £753.00, down sbarply on the year before when profits were £1.27m. The accounts for the year show net worth of £22.74m.

Barlow Rand offer for Bibby gains 90% acceptances

ACCEPTANCES OF the agreed £274m offer by South African group Barlow Rand for J. Bibby & Sons, the UK industrial and agricultural concern, havo reached 90.5 per cent and the offer has now gona unconditional.

Tho basic offor remains open for acceptances until October 27, but the casb election and the additional share election bave closed.

As e result of the offer, UK institutions and individuals currently hold approximately 10 per cent of the enlarged share capital of Barlow Rand, whicb is South Africa's largest industrial holding company

Mr Warren Clewlow, Barlow's chief operating officer, said in Jobannesburg yesterday that "the level of acceptances suits us well. We will maintain Bibby's sbare quote so thal Barlow has tha currency and geographic spread for further overseas acquisitions when suitable opportunities arise.

Acceptances of the offer total 56.16m Bibby shares. These together with the 25.98m Bibby shares already owned by Barlow Rand (25.6 per cent), the 1.15m shares purchased by Brown Shipley—on behalf of Barlow Rand—since September 3 (1.1 per cent) and the 8.06m new Bibby shares issued to Barlow Rand on the acquisition of TBH (8 per cent), amount in total to 91.35m sbares (90.5 per cent).

The Office of Fair Trading bas confirmed that it does not intend to refer the offer for Bibby, or tha equisition of TBH by Bibby to the Monopolies Commission. The acquisition of TBH by Bibby was completed on October 12.

See Lex

Whitecroft in £3.7m acquisition

Whitecroft, the Cheshire-based taxtiles, building supplies and engineering group, has acquired HAP (Chiswick), an investment company, for £3.71m. The consideration is in be satisfied by the issue of 2.56m Whitecroft nrdinary shares, credited as fully paid.

The value of HAP's net tangible assets et March 31 1984 was £4.25m, inclnding the market value of listed investments and a current professional valuation of properties. Its resources will be applied initially to reducing Whitecroft's borrowing and providing additional working capital for its trading interests.

HAP's other assets consist of commercial and industrial freehold property investments which will be added to Whitecroft's property portfnlin Pre-tax profits nf HAP in the year to March 31 1984 were £264,000, mainly derived from property rents and investment income.

Elbar down £750,000 on disposal of loss-makers

Elbar Industrial, e vehicle and agricultural machinery distributor, has sold two subsidiaries at an estimated loss of £750,000, of which £310,000 is not covered by provisions made in last year's accounts.

Elbar, 74 per cent owned by Tanks Consolideted Investments—itself a subsidiary of Societe Generale de Belgique—has made a series of disposals since reporting a rise in first half 1984 losses from £178,000 to £326,000.

It bas now sold Industrial Energy Systems, a maker and installer of diesel generator and pump sets, for £1 plus repayment of £250,000 of group loans. Stocks of Spey Trading, a distributor of small agricultural machinery, have been sold for about £360,000, although Elbar remains responsible for debtors and creditors.

The two businesses combined had operating losses nf £166,000 in the first half of 1984 and £786,000 in the whole of 1983, for which the whole group reported pre-tax losses of £1.07m, down from £2.31m. The letest sales will reduce borrowings and improve trading performance, Elbar said.

Haden in £2.7m sale of French subsidiary

Haden, a building, industrial and process engineering group, has sold a French subsidiary distributing Carrier air conditioners for £2.7m cash, and reorganised the distribution of the air conditioners in England.

In the UK, a Haden and a Carrier subsidiary will combine to form e joint venture 51 per cent owned by Carrier and 49 per cent by Haden. The joint venture will pay Haden £475,000 for e property occupied by its present subsidiary.

Leasing offshoot sale to cut SGB finance charges

SGB, the scaffolding group, has sold its leasing subsidiary SGB Leasing to an unidentified private company. In addition to the sala price of £25,000, SGB has been repaid a £3m parent company loan, and SGB Leasing's £1.6m bank loan has also been repaid.

Mr Tony Shaw, SGB finance director, said the salc wonld rednce group borrowings and interest osts. The leasing subsidiary's role within the group bad ended with thep basing out of first year capital allowances announced in the 1984 UK budget.

With the tax benefits nf leasing gone, and with rental rates falling sharply, SGB ould have opted simply to continue collecting rentals on its existin gbook, Mr Shew said. But it found several potential buyers and disposed of the subsidiary profitably.

Security Centres

Preferential applications have been received from 1,256 shareholders of Scusa and Security Centres Holdings for a total of approximately 20.1m shares.

These will be satisfied to the extent of 3.5m shares, having regard to the existing interests in Scusa, on the following basis:

—approximately 15.3 per cent of their existing holding in Scusa.

To existing Security Centres shareholders — approximately 20.1 per cent of their existing holding.

BIDS AND DEALS IN BRIEF

British Land, the property group headed by Mr John Ritblat, has boosted its holding in Stylo, the shoe group, to 7.3 per cent from the 5.3 per cent stake disclosed last month.

Stylo succeeded in warding off a £36m bid from Harris Queensway earlier this year only because the Ziff family exerts tight control through management shares carrying 16 votes each. The Harris bid was accepted by a simple majority of shareholders.

Yesterday, Stylo shares rose 10p to 148p, valuing the company at £31m.

* * *

At an EGM of Benjamin Priest Group a special resolution on refinancing proposals was approved. An ordinary resolution permitting the subscription of convertible preference shares by directors and senior management was also approved.

Applications were received under the npen offer for 528,018 convertible preference shares, and have been accepted in full. The balance of the 1.50m convertible preference shares available has been subscribed for by the institutions which formed the placing group, in addition to the 1.23m convertible preference shares for which the placing group made a firm subscription. Of the convertible preference shares 250,000 have been taken up by the company's bankers and 55,000 convertible preference shares have been subscribed by the directors and senior management.

Dealings in the convertible preference shares will begin on October 16.

The Council of the Stock Exchange has restored permission for Tops Estates ordinary shares to recommence dealings on the USM and has granted permission for the new shares and the 7½ per cent unsecured loan stock 2014, which are being issued by way of rights, to be dealt on the USM, dealings are expected to begin today.

* * *

The cash offer by Hill Woolgar & Co of 38p per share for the 31.5 per cent cumulative preference of 12.5p with warrant entitlement in S & U Stores has closed.

Acceptances were received from 135 holders over an aggregate of 1.01m shares and 252,838 warrants.

* * *

Prudential Corporation has informed A & G Security Electronics that its interest now represents 5.26 per cent of its

* * *

Pyke Holdings has exchanged contracts for the acquisition of the goodwill and certain assets of G. H. Fenwick and Thomas Fraser (Meats) which trades as a meat wholesaler and catering butcher in Birmingham.

Fenwick is a catering butcher in Newcastle-upon-Tyne. Pyke has acquired its goodwill and fixed assets for £95,000 and will pay a further sum in cash estimated at £35,000 for the stock at completion based on the lower of cost or net realisable value.

The catering business of Fraser will be integrated with the existing Birmingham business of Peter Fairfax a wholly owned subsidiary of Pyko.

* * *

Peel Holdings has reached conditional agreement for the acquisition of Cuba (Industrial Estates) a small property company in which Largs, the holding company of Peel, has a controlling interest, for a consideration to be satisfied by the issue of 150,670 ordinary shares in Peel.

A circular including particulars of the acquisition together with the document containing the recommended offer by N. M. Rothschild & Sons on behalf of Peel for the whole of the issued share capital of Bridgewater Estates has been posted.

* * *

Triplex has sold Electromobile Engineering Company (West Bromwich) to the Car Lighting Services Group for an undisclosed sum.

COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

(C.F.A.O.)

(Incorporated in France with Limited Liability)

In a letter to the Shareholders dated 17th September 1984 the Chairman, Mr Paul Paoli, reported that the unaudited results of the Company for the half-year ended 30th June 1984 disclosed a net profit of Frs 35.4 million. This represents an increase of 12.83% over the corresponding period of 1983.

The recent rights issue of Frs 156 million which closed on 28th June 1984 had been fully subscribed.

During the first half of the year the market value of the Company's shares rose from Frs 564 to Frs 653 (excluding rights) per share. This gain of 22% compares favourably with the 8.6% increase in the French Stock Exchange Index during the same period.

At Group level the consolidated results for the half-year (expressed in millions of Francs) are as follows:

	30.6.1984	30.6.1983
Turnover	5,900	5,460
Operating Profit	144	122
Net Profit	114	105

Business in Europe, despite difficulties in certain sectors, is being maintained at a satisfactory level and is in line with targets. African interests have been affected by the difficult economic situation prevailing on the West Coast. The Company has taken steps to maintain its position in these markets where the medium-term outlook remains favourable.

Mr Paoli forecasted the results for the year 1984 would show a reasonable improvement on those achieved in 1983.

UK COMPANY NEWS

MINING NEWS

Harmony lifts forward gold sales

BY KENNETH MARSTON, MINING EDITOR

FURTHER forward sales of bullion are disclosed in the September quarter reports of the South African gold mines in the Rand Mines group.

Harmony, which produced 8,326 kg of gold in the quarter and obtained an average price of R16,976 per kg, has increased its hedging sales for the third quarter of next year to 4,100 kg at a price of R21,462 per kg.

Of the other forward sales made for the third quarter of 1985, Blyvoor has sold 1,586 kg at R21,091, Durban Deep 684 kg at R21,262 and East Rand Proprietary Mines (ERPM) 591 kg at R80,855.

These prices represent record levels and are above those obtained by the mines in the past quarter. The latter prices were boosted by the strength of the U.S. dollar, in which sales were made and the weakness of the rand into which the revenue was exchanged.

On the other side of the coin, costs in the latest quarter have been raised by the increases in white workers' wages granted in May and June and by those for black workers as from July 1.

Harmony's tax charge has been lifted in the latest quarter as a result of a reduction in the offsetting capital expenditure with the result that net profits are virtually unchanged from those of the previous three months.

The mine has now decided to go ahead with a new gold treatment plant at the No 4 shaft complex at an estimated cost of R40m (18.8). It will have a capacity of 120,000 tonnes of ore per month.

Blyvoor has done well at the pre-tax stage, thanks to increased production and a minimal rise in costs. Here again, the tax charge has risen but it leaves a useful increase in net profits.

Durban Deep has sharply reduced its working loss for the quarter and with the inclusion of state assistance comes out with a higher net profit.

State aid in the case of ERPM has doubled in the quarter, the increase partly reflecting adjustments for the financial year to date in respect of capital expenditure.

The net profits of the mines for the latest quarter are compared in the following table.

	Sept qtr R000	June qtr R000	Mar qtr R000
Blyvooruitzicht	15,527	13,847	†15,147
Durban Deep	*3,286	*1,023	*1,760
East Rand Pty	*8,250	*1,243	*1,719
Harmony	25,279	25,263	†24,694

* After receipt of State assistance.
† Includes additional tax charge for year to date following changes in March budget.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Air Call, Feb International, Harrisons and Crosfield, Hunting Petroleum Services, Walter Lawrence.

Finals—Cradley Print, Five Oaks Investments, Peterson Zochonis, Peachey Property.

FUTURE DATES

Interims:—

Avena	Oct 29
Bank of Ireland	Nov 15
Cambium Venture Capital	Oct 18
Clayton, Son	Oct 26
Davies and Newman	Oct 18
De La Rue	Nov 13
Energy Services and Electronics	Oct 17
Hill (Philip) Inv Trust	Oct 25
House Property Co of London	Oct 17
Lake View Investment Trust	Oct 19
M.Y. Dart	Oct 18
Nu-Swift Industries	Oct 17
Savoy Hotel	Oct 23
Sumner (Francis)	Oct 17
Upton (E.)	Oct 26
Young and Co's Brewery	Nov 20

Finals:—

Baggeridge Brick	Dec 12
Border & Southern Stockhldrs T	Oct 19
Concentric	Nov 19
New Australia Investment Trust	Oct 25
Old Court Intnl Reserves	Oct 17
Pressac	Oct 23
Smith Industries	†Nov 14
Spectrum	Oct 22
Tyzack (W.) Sons and Turner	Oct 18

† Amended.

Billiton closes Thailand tin operation

THE indefinite suspension of its major Thai tin mining operation in the Andaman Sea, off the southern province of Phangnga has been announced by Billiton Thailand, reports Boonsong K'Thana from Bangkok.

The company, a subsidiary of the Royal Dutch/Shell group says that it is taking this action because of depleting ore reserves and tin output restriction imposed by the International Tin Council.

Billiton Thailand has suffered a record working loss of 19m Baht (£669,000). The company sees little hope of any early recovery in the tin market and says that its tin production quota has had a serious impact on the viability of the offshore operation.

"It's a failed operation and we see no future of recovering the loss," said an executive. Hopes of an improvement in the final quarter of this year have not been realised and the longer-term outlook on quotas is not seen encouraging.

Furthermore, the concession area, which has been worked under a production-sharing contract with the State-run offshore mining organisation, is nearly worked out and efforts to find additional productive areas have been unsuccessful.

COMPANY NEWS IN BRIEF

Antofagasta Holdings, rail-freight transporter and water distributor, has lifted pre-tax profits by over £1m in the half year ended June 30 1984 and the board has declared an interim dividend up by 2p to 5p net.

The midway result was a profit of £2.73m, against £1.65m, on turnover which rose from £6.2m to £7.26m. The group carries on its business in Chile, where it also has interest in banking, property, copper mining and exploration.

The recent devaluation of the Chilean peso will not be material to the group's results as a significant proportion of railway revenues are received in U.S. dollars.

The increased dividend is declared in view of the good progress made in the period. The total last time was 13p per share. Half time earnings are stated at 32.7p per £1 share, up from 13p.

* * *

Mr P. L. Jones, the chairman of Jones, Stroud (Holdings), told shareholders at the annual meeting that in the half year to September 30 1984 the profit would be affected by reorganisation in Coventry, and it might well be that results would fall short of last year's £1.56m profit.

However, the directors of this manufacturer of products for the textile and electrical industries were reasonably confident that unless there was a fall off of incoming orders they would be able to show a better year on year result.

* * *

Profits before tax of the Jersey Electricity Co rose from £1.53m to £1.93m over the 28 weeks to July 1, 1984 but the results for the second half are likely to reflect increased expenditure in connection with the interlink with France and fuel price increases which cannot be recovered in the current year.

Gross revenue improved to £10.66m (£9.32m) and net profit before interest and tax to £1.71m (£1.27m).

* * *

Pre-tax profits of New London Properties, a wholly-owned subsidiary of Pearl Assurance, were virtually unchanged at £1.14m for the first half of 1984, against £1.17m last time.

Turnover improved from £2.25m to £2.64m and net revenue from all sources was ahead at £1.3m, against £1.18m, before interest charges up from £19,000 to £155,000. Tax took £526,000 (£606,000). The interim dividend is again 6p.

FT LAW REPORTS

Bail conditions imposed on miners upheld

R v MANSFIELD JUSTICES, EX PARTE SHARKEY AND OTHERS

Queen's Bench Division, Divisional Court (Lord Lane, Lord Chief Justice, Mr Justice Stuart-Smith and Mr Justice Leggatt): October 12, 1984.

IN DECIDING whether a condition on bail is necessary to prevent a defendant from committing offences while on bail, magistrates are entitled to use their knowledge of local events leading up to the defendant's arrest and may impose the condition if they have grounds, not necessarily substantial, for believing there is a real risk that an offence will be committed.

The Divisional Court so held when dismissing applications by Mr Stephen Sharkey and eight other miners for judicial review of decisions by the Mansfield justices to impose a condition on the grant of bail in respect of charges arising out of the current trade dispute between the National Union of Mineworkers and the National Coal Board.

Section 3 of the Bail Act 1976 provides: "(1) A person granted bail . . . (6) . . . may be required . . . to comply . . . with such requirements as appear to the court to be necessary to secure that . . . (a) . . . (b) he does not commit an offence while on bail . . ."

Schedule 1 paragraph 3 to the Act provides: "The defendant need not be granted bail if the court is satisfied that there are substantial grounds for believing that the defendant, if released on bail . . . would . . . (b) commit an offence while on bail . . ."

Paragraph 8(1): ". . . where the defendant is granted bail, no conditions shall be imposed . . . unless it appears to the court that it is necessary to do so for the purpose of preventing the occurrence of any of the events mentioned in paragraph 2 of this part of this Schedule . . ."

* * *

LORD LANE, Lord Chief Justice, giving the judgment of the court, said that nine striking coal miners, all of good character, had been charged with threatening behaviour, obstructing the police or other offences.

All were remanded on bail by the justices. In each case a condition was imposed that the defendant was "not to visit any premises or place for the purpose of picketing or demonstrating in connection with the current trade dispute between the NUM and NCB other than peacefully to picket or demonstrate at his usual place of employment."

Mr Sharkey, who was charged with threatening behaviour and wilful obstruction of the highway, was a member of the South Yorkshire NUM. He was one of 4,000 pickets who attempted to enter the County of Nottingham on July 25 1984. Their target was the Babbington pit where 150 miners were reporting for work.

Five windscreens were smashed and stone-throwing damaged five cars belonging to working miners. The police alleged that Mr Sharkey was seen to lead a charge against a police cordon and to strike out with his boot, shouting and waving his fist.

They asked the justices to impose the condition on any bail granted to Mr Sharkey, on the ground that over the past few months there had been numerous outbreaks of disorder and if the condition were not imposed, it was likely that he would commit further offences.

It was submitted for Mr Sharkey that no evidence had been adduced with regard to his particular circumstances which could justify imposition of the condition.

The justices, after considering their decision, said that they were mindful of the present position and the lawlessness it had created. They said: "We feel that there are substantial grounds for believing that the defendant without conditional bail would be likely to commit further offences while on bail."

Two of the other nine miners were arrested on the same occasion as Mr Sharkey. Others were arrested outside collieries at Harworth, Bentinck and Bilsthorpe. The condition was imposed on their bail also, because there were "stringent" grounds that they would be likely to commit further offences, or they "might" comit further offences.

In the present applications for judicial review, the court was asked to rule that the justices failed to exercise their discretion judicially, and that the condition should be quashed. Mr Macdonald for the miners said that the justices had made a practice of imposing the condition without proper consideration of the individual cases.

He submitted that there should be two stages of thought. First they should determine whether there were substantial grounds for believing the offence would be committed. Secondly, if so, did it appear necessary to impose a condition to prevent such commission?

He based his argument on Schedule 1 paragraph 8 to the Bail Act 1976, and suggested that "the events mentioned in paragraph 2" of the Schedule included the words "if the court is satisfied that there are substantial grounds for believing."

That contention was not accepted. Magistrates, when a defendant was going to be bailed, were not concerned with paragraph 2, which dealt with refusal of bail. They were concerned with section 3(6) and paragraph 8(1) of the Schedule.

There was a duplication between paragraph 8 and section 3(6), but the legislature's intention emerged as the logical wish to impose less rigorous requirements when a defendant was admitted to bail rather than refused bail.

In the present circumstances the question the magistrates should ask themselves was: "Is this condition necessary for the prevention of the commission of an offence by the defendant when on bail?"

They were not obliged to have substantial grounds. It was enough if they perceived a real and not a fanciful risk of an offence being committed.

Thus section 3(6) and paragraph 8 gave the court a wide discretion to inquire whether the condition was necessary. They were certainly entitled to use their knowledge of events at local collieries during the preceding weeks, because it was on the basis of that knowledge (inter alia) that they could properly reach a conclusion as to the necessity of imposing a condition.

It was clear from the evidence, and must have been obvious to the magistrates, that the miners, if released unconditionally on bail, would have resumed their picketing.

There was nothing criminal in men congregating to carry out lawful activities. What was not lawful was for bodies of men to foregather in order to prevent others who wished to work from working by means of intimidation, threats of violence or by violence itself.

Where large numbers of pickets assembled with the intention of trying to prevent working miners from going to work by threats of violence and force of numbers, there was no doubt that each of the picketing miners who was proved to be party to such intimidation or bullying, was guilty at least of an offence under section 5 of the Public Order Act 1936 [threatening behaviour].

Against that background the magistrates were right to conclude that if no condition were imposed, offences would be committed by the miners while on bail, and to conclude that a condition was necessary.

The individual circumstances of each defendant were not material except in so far as they showed that unless restrained each would rejoin the mass picketing at the first opportunity. The fact that they were men of good character and other personal considerations did not affect the likelihood of their committing Public Order offences when on bail.

When one of the miners was taken to court he had been one of eight in the dock at the same time, arrested at different locations in Nottinghamshire. Another had been brought before the court with two other men and they were placed in the dock together.

Putting into the dock together defendants who had been arrested on different occasions or at different places made it difficult to avoid the appearance of "group justice." The practice was one to be discouraged.

Nor did it do the Bench credit if their clerk continued to affix standard conditions to bail forms even while applications were being made for unconditional bail, as happened in some of the present cases. The fact that the outcome of the application was correctly anticipated, however, did not vitiate the decision.

All the applications were dismissed.

For the miners: John Macdonald QC and James Wood (Seifert Sedley & Co, Saunders & Co, and Brian Thompson & Partners, Sheffield).

For the prosecution: Brian Appleby QC and Alexandra Scott (R.W. Ritchie, Nottingham).

As amicus curiae: John Laws (Treasury Solicitor).

By Rachel Davies
Barrister

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Telephone: 01-225 1488

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Project management company within Howard Humphreys, International Consulting Engineers, wishes to expand its activities within its parent group and with other clients in UK and overseas through acquisition. Small to medium-size firm in project/construction management, systems consultancy, information technology management, or institutional management are of interest.

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Thornecroft Manor, Dorking Road, Leatherhead
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Ideally, the dealership should be no more than one hour's drive from the M1 M62 interchange although any location, size or proposition will be given full consideration. Confidentiality is assured. Please contact:

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Financial Times
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Contracts & Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy and Chemical and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF INTERNATIONAL CALL FOR TENDERS NUMBER 634.1K/MEC

The National Oil Exploitation Company is launching an International Call for Tenders for the supply of the following:

Lot No 1: SPARE PARTS—E.M.D.
Lot No 2: SPARE PARTS—CATERPILLAR

This call for tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries etc, in conformity with the provisions of the *Law* No 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Tarde.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits (E.N.T.P.)
Direction Approvisionnements
Base les Vergers
BIRKHADEM
ALGER (ALGIERS)
ALGERIE (ALGERIA)

with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double sealed envelope, by registered mail, to the Secrétariat de la Direction Approvisionnements, B.P. No 217, HASSI-MESSAOUO, Wilaya de OUARGLA, ALGERIE.

The outer envelope should not bear any mark that might identify the tenderer and should state simply:

"Appel d'Offres International No 634.1K/MEC — confidential à ne pas ouvrir" (International Call for Tenders No 634.1K/MEC Confidendal — Oo Not Open).

Tenders must be received by Saturday 24 November 1984 at the latest.

Selection will be made within 180 days from the closing date of this Call for Tenders.

Legal Notices

IN THE MATTER OF
LANEY LIMITED
TRADING AS
JOBFINDER SERVICES
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 3rd day of December 1984 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of Singla & Co., Chartered Accountants, of 43 Alexandra Avenue, Harrow, Middlesex, HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of October 1984.
S. K. SINGLA, F.C.A.,
Liquidator.

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Companhia Vale do Rio Doce
Companhia Aberta

COMPANHIA VALE DO RIO DOCE

BRAZIL

CARAJAS IRON ORE PROJECT

INVITATION TO BID

No. CA-032

TRUCK CRANE

CVRD—Companhia Vale do Rio Doce will purchase one TRUCK CRANE having 100 (one hundred) short tons of hoisting capacity through International Competitive Bidding.

CVRD received a loan from the International Bank for Reconstruction and Development (World Bank) towards the cost of Carajas Iron Ore Project and intends to apply the proceeds of this loan to eligible payments uoder the Contract for which this Invitation to Bid is issued.

Participation in this Bid is limited to Suppliers established in all member countries of the World Bank, as well as in Taiwan and Switzerland.

The Instructions, specifications and forms which comprise the Bidding Documents will be available upon a non-refundable payment of US$ 100 (one hundred dollars) or the equivalent in other currencies, at the following address:

COMPANHIA VALE DO RIO DOCE
Superintendência de Compras e Material - SUMAT
Rua Santa Luzia, 651 - 31° andar
CEP.: 20030 - Rio de Jaoeiro - RJ
Brazil
Telex (021) 23205, (021) 21975.

Sealed Bids will be received at the above mentioned address until December 12 1984 at 2.00 pm, Rio de Janeiro time.

Each Bid shall be accompanied by a Bid Bond for the amount of US$ 20,000 (twenty thousand dollars) or the equivalent in other currencies.

Rio de Janeiro
October 16 1984

Purchases and Material Superinteodency

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday October 16 1984

Coming of age for the perpetual floater, Page 38

WALL STREET

Prime rate cut prompts swift rally

THE DECISION by Bankers Trust to cut its prime rate by ½ point was greeted by a sharp rise in stock prices on Wall Street which at midsession pushed the Dow Jones industrial average convincingly through the 1,200 mark, *writes Terry Byland in New York.*

Also helping the market was the flow of satisfactory results from U.S. industry, which featured higher earnings from *Burroughs, NCR, Allied Corporation,* Pfizer, TRW and many others. Lower net earnings from Chase Manhattan found a somewhat cooler reception, although analysts were pleased to see the bank's substantial increase in loan loss provisions.

At the close the Dow Jones industrial average was up 12.26 at 1,202.96.

In the money markets, rates edged higher, taking their cue from the federal funds rate of 10⁷⁄₁₆ per cent. The credit market turned cautious as traders measured the prospects for the massive $42.3bn Treasury funding programme unlocked by the belated approval from Congress for the increased federal debt ceiling. The programme opens today with the sale of $5.5bn in seven-year notes, to be followed by $8.8bn in two-year notes on Wednesday. Bond prices opened lower, moved ahead after the prime rate cut by Bankers Trust, but later turned uncertain.

This week brings the latest round of federal statistics on the progress of the U.S. economy. While a further slowdown in the growth pace is likely, Wall Street still believes that the fall in short-term interest rates has laid the basis for a market upturn after the Presidential election, barely a month away.

In the banking sector, Chase Manhattan steadied to show a net fall of $⅛ at $43⅜ after the results. Manufacturers Hanover gained $⅜ to $31⅛ on further consideration of its own figures.

Other bank stocks were mostly up, led by Bankers Trust, higher at $52½, Citicorp, $¼ better at $36¼; and J.P. Morgan $⅜ up at $72⅜. However, First Chicago fell $¼ to $22½.

The computer sector was in good form, with a gain of $1⅜ to $123¼ in IBM boosting the Dow average. Sharply increased profits took NCR to $25, a net $¾ up. Burroughs at $52⅜ moved up by $⅞, also on higher profits, and Honeywell added $⅜ to $55⅜.

United Technologies put on $¼ to $22⅜ after its disclosure of a sharp rise in third-quarter profits.

First results from the chemical sector featured two companies which also have interests in other areas. Allied benefited from its automotive divisions, gaining $⅜ to $37⅛ on higher profits, while Hercules – a stakeholder in Erbamont NV, the holder of Montedison's health care operations – added $⅜ to $32⅞.

Pfizer rose $⅜ to $35⅜ in response to higher earnings for the quarter. Abbott Laboratories at $40¾ gained $1. Merck, $½ up at $81⅞, and Bristol-Myers, $⅛ better at $44¾, also improved.

Also prominent in the results league was TRW, $1¼ higher at $66⅞ on a one third rise in earnings. Dana, the automotive products group, added $½ to $24⅜, and Time, the magazine publisher, added $⅞ to $43, both on trading results.

In the credit markets, the federal funds rate opened at 10½ per cent and resisted downward pressure. Three-month Treasury bills at 9.95 per cent gained five basis points, while six-month bills edged up four basis points to 10.05 per cent.

The longer end of the bond market, which still has a week to run before meeting the first wave of Treasury refunding, added ½ point at one time in modest trading. Later, gains were lost, and the key long bond, the 12.5 per cent of 2014, was quoted ⁶⁄₃₂ down at 102²⁷⁄₃₂. Near-dated issues were also nervous, with when-issued yield on the seven-year notes at 12.30 per cent and on the two-year at 11.71 per cent.

LONDON

Currency pressures put aside

THE SCENT of cheap money was still sufficiently powerful in London yesterday to offset further had news on the currency front.

Investors in gilts were not dismayed by the dollar's strength and committed funds to both conventional and index-linked issues.

Longer-dated conventional gilts rose ½ and appeared to be set for fresh improvement, but easier U.S. bond values later blunted buying enthusiasm. Subsequently gilts surrendered part of their improvement to close with mixed movements on the day.

Leading equities were influenced by Friday's Wall Street trend, and buyers were again selective in their approach. The FT Industrial Ordinary index rose 5.6 to 881.8.

Lucas was again keenly sought and finished up 13p to a 1984 peak of 241p, while Jaguar firmed a further 8p to 203p.

Chief price changes, Page 30; Details, Page 31; Share information service, Page 32–33

AUSTRALIA

SUSTAINED buying of industrial and resource stocks pushed the Sydney All-Ordinaries index to a five-month high, closing 5 points up at 753.1.

A firmer tone on international exchanges gave the signal for a continuation of the buying support which developed last week. By the close of business rises outnumbered falls two to one.

Golds were singled out among a firmer mining sector, and GMK added 16 cents to A$5.90, Central Norseman 10 cents to A$5 and Bougainville 8 cents to A$1.76.

BHP firmed 5 cents to A$10.30, while banks and retailers were generally higher. Mayne Nickless, which is under offer from APM at A$3.52 a share, eased 4 cents to A$3.76.

HONG KONG

FROM A QUIET opening, trading in Hong Kong gathered momentum to leave prices moderately higher. Overseas institutional buying was behind the advance, which centred on banking and property groups.

Among the banks, East Asia rose 10 cents to HK$19.70, Hang Seng 75 cents to HK$35.50 and Hongkong and Shanghai 15 cents to HK$6.75.

Hongkong Land, which is considering selling its Excelsior Hotel, firmed 15 cents to HK$3.125, while Sun Hung Kai added 25 cents to HK$6.95. The Hang Seng index advanced 15.95 to 999.09.

SINGAPORE

THE EMERGENCE of buying and covering interest left Singapore higher in thin trading. Turnover slipped from 12.5m on Friday to 9.8m while the Straits Times index firmed 4.03 to 658.79.

Pan Electric was again the most active stock and gained 12 cents to S$3.42. Following it in volume were Tuan Sing, 7 cents higher at 80 cents, and Ben & Co, up 5 cents to S$1.67.

SOUTH AFRICA

A MODEST afternoon slowdown in Johannesburg saw gold shares close mixed in quiet trading. The late weakness developed despite the bullion price holding its ground against the dollar.

Randfontein closed R2.25 higher at R20.90 after reaching R21.10, while St Helena eased 25 cents to R3.875. De Beers firmed 5 cents to R8.88, and Anglo American 20 cents to R32.40. Industrials closed mixed in light trading.

CANADA

A FIRMER tone developed in Toronto, with transport, property and metal groups registering the best gains during more active trading.

Improvements on international bullion markets gave rise to strength among gold stocks, although price rises were slight.

Montreal, too, showed widespread advances.

TOKYO

High-tech side takes the lead

ENCOURAGED by the three consecutive rises on Wall Street last week, investors bought high-technology issues in Tokyo yesterday giving the market an unexpected boost, *writes Shigeo Nishiwaki of Jiji Press.*

Foreign investors were active in the sector and among other blue-chip issues. Their morning purchases through the big four securities houses totalled 19.5m shares, compared with 17.5m sales.

The Nikkei-Dow market average added 95.60 to 10,780.18, recovering the 10,700 mark for the first time in a week, on volume of 271.80m shares. Advances outnumbered losses 414 to 287, with 173 issues unchanged.

The rise in Wall Street's Dow Jones industrial average to nearly 1,200 encouraged investors. Canon drew substantial buying orders from the outset and triggered advances for other blue chips, apparently reflecting brisk demand for its laser beam printers and continued foreign buying. It shot up Y90 to Y1,160 on the day's heaviest trading of 11.80m shares.

An official of Nikko Securities said non-resident buying of Canon stock between October 1 and 15 topped 8m shares, compared with 6.7m for the month of September.

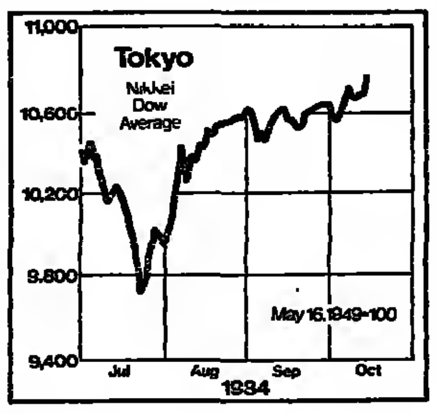
Nippon Kogaku gained Y40 to Y1,400 on investors' expectations that increased demand for semiconductor production equipment will produce record profits topping Y10bn for the year ending in March. Casio Computer jumped Y140 to Y1,770 on a turnover of 5.06m shares.

Trading on other internationally known blue chips was not as active. Hitachi added Y21 to Y871, NEC Y50 to Y1,300 and Toyota Motor Y30 to Y1,370. High-priced blue chips were also firm, with Kyocera advancing Y450 to Y7,700 and Sony Y60 to Y3,870.

Ikegai climbed Y19 to Y470, while Sumitomo Precision Products scored a daily limit gain of Y100 to finish at Y940, and Mochida Pharmaceutical closed Y600 higher at Y13,650.

Bond prices rose amid brisk small-lot buying by regional and mutual savings banks. The above-par 7.5 per cent government bonds maturing in January 1993 were sold, with the yield rising from last Friday's 7.055 per cent to 7.06 per cent.

But investors bought 7.3 per cent government bonds due in December 1993, where trade volume is outweighing that of the 7.5 per cent bonds, and the yield declined from 7.095 per cent to 7.065 per cent.



EUROPE

Amsterdam returns to records

RECORD heights began to be tested yesterday by the West German and Dutch bourses for the first time since the heady buying session of early February, on a further appreciation of the prospects for companies exporting to the U.S. and thus standing to benefit from the dollar's advance.

The midday **Amsterdam** calculation of the ANP-CBS general index was 1.3 higher at 179.5, exceeding the peak attained 8½ months ago, as foreign and domestic institutional demand encouraged a boost in trading activity.

Among the day's best were a Fl 7.50 jump in Océ-Van der Grinten, on the photocopier maker's plans for a U.S. listing, and a Fl 2.70 gain in Gist-Brocades, which took the biotechnology group to Fl 170.70. Banks were also favoured, with ABN adding Fl 4 to Fl 354.

Boskalis rallied Fl 1.20 to Fl 12.70 as its reshape continued.

By contrast, the domestic bond market was dull and prices little changed amid expectations of a new bank issue, possibly today.

Frankfurt buying interest, initially enthusiastic and including strong foreign demand, dwindled towards the close but left the FAZ index 0.95 better at 370.27 – just 0.57 off its record reached on February 2.

VW, which has lagged behind the other car makers in recent weeks because of its arguably less lucrative U.S. export potential, advanced DM 4.10 to DM 188.30. But it was the chemical sector which drew most attention, allowing gains of DM 4.70 in BASF at DM 168.80 and DM 2.80 for Hoechst at DM 183.90.

A firm engineering sector was featured by GHH, up DM 2.10 at DM 157.90 on its expected Chinese contract.

Domestic bonds gained up to ¼, allowing the Bundesbank to sell DM 77.9m in paper.

Few other centres made much progress, however. **Paris**, which has already this month re-established itself at peak levels, extended a cautious retreat in uneventful business. Retailer La Redoute slipped FFr 30 to FFr 1,170 ahead of slightly better sales figures.

Early **Milan** firmness fell sharply away, but the setback was not immediately attributed to the widening of a corruption investigation. Among the groups with executives allegedly implicated, Credito Italiano eased L10 to L1,650, but Mediobanca put on L200 to L59,600.

Bonds generally eased.

A mixed **Stockholm** result showed Volvo SKr 3 ahead at SKr 241 as it neared its Hamilton oil target in the U.S. **Copenhagen** was dragged lower by a DKr 270 plunge in Novo to DKr 1,835 in the wake of the biotechnology concern's reduced forecast for sales growth.

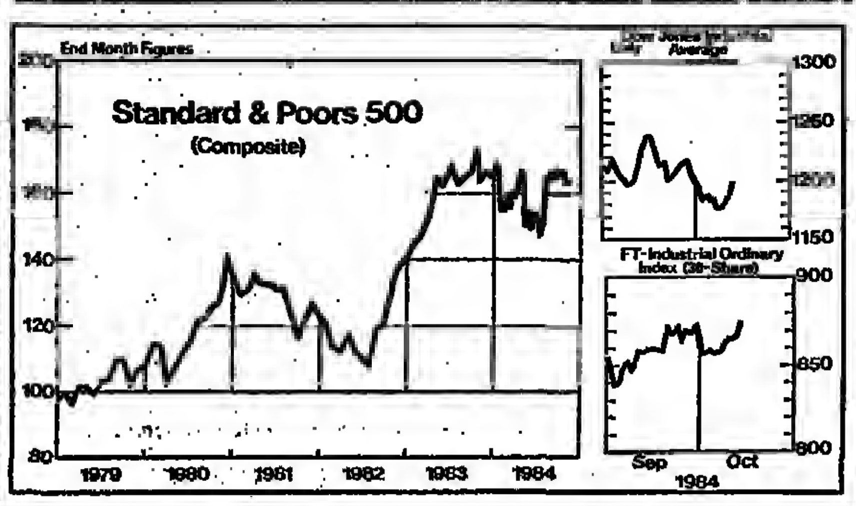
Low **Zurich** volume brought few marked movements. Hoffmann-La Roche added SwFr 25 to SwFr 9,150, reportedly on just one purchase, while UBS in banks dipped SwFr 35 to SwFr 3,375 on selling out of Geneva. Jacobs Suchard jumped SwFr 200 to SwFr 6,100 in a very narrow market.

The bond market came under pressure following the cancellation of a pending federal issue.

Brussels traded within a narrow range. Wire maker Bekaert had a better than average BFr 55 gain at BFr 4,765.

Electrical utilities led **Madrid** upward, recovering from last week's weakness.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 15	Previous	Year ago
NEW YORK			
DJ Industrials	1,202.96	1,190.7	1,263.52
DJ Transport	519.54	517.4	580.55
DJ Utilities	141.57	140.75	137.38
S&P Composite	165.77	164.18	169.86
LONDON			
FT Ind Ord	881.6	876.0	677.6
FT-SE 100	1,146.0	1,143.7	916.1
FT-A All-share	540.03	538.25	426.66
FT-A 500	586.68	585.08	464.2
FT Gold mines	554.6	548.0	541.9
FT-A Long gilt	10.37	10.37	10.61
TOKYO			
Nikkei-Dow	10,780.18	10,684.5	9,323.63
Tokyo SE	836.75	828.7	680.09
AUSTRALIA			
All Ord.	753.1	749.1	692.7
Metals & Mins.	454.1	450.1	521.6
AUSTRIA			
Credit Aktien	56.26	56.24	54.87
BELGIUM			
Belgian SE	162.83	163.35	127.61
CANADA			
Toronto			
Metals & Mins	1,992.0*	1,962.4	2,437.0
Composite	2,404.5*	2,386.7	2,480.7
Montreal			
Portfolio	118.28*	117.23	122.36
DENMARK			
Copenhagen SE	168.25	171.24	186.56
FRANCE			
CAC Gen	181.4	181.8	141.1
Ind. Tendance	116.7	117.0	89.5
WEST GERMANY			
FAZ-Aktien	370.27	369.32	326.37
Commerzbank	1,078.9	1,074.3	973.4
HONG KONG			
Hang Seng	999.09	983.14	738.51
ITALY			
Banca Comm.	210.28	211.5	168.31
NETHERLANDS			
ANP-CBS Gen	179.5	178.2	143.3
ANP-CBS Ind	141.3	140.1	117.0
NORWAY			
Oslo SE	258.23	255.8	213.68
SINGAPORE			
Straits Times	658.79	654.76	948.46
SOUTH AFRICA			
Golds	1,003.8	997.9	778.5
Industrials	861.7	860.7	915.3
SPAIN			
Madrid SE	151.54	149.82	120.82
SWEDEN			
J & P	1,453.57	1,451.77	1,428.37
SWITZERLAND			
Swiss Bank Ind	373.9	374.1	342.4
WORLD	Oct 10	Prev	Year ago
Capital Int'l	181.8	180.8	182.9

GOLD (per ounce)

	Oct 15	Prev
London	$338.75	$341.75
Frankfurt	$338.75	$338.25
Zürich	$338.75	$341.00
Paris (fixing)	$337.51	$337.38
Luxembourg (fixing)	$338.30	$338.00
New York (Oct)	$340.90	$341.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Oct 15	U.S. DOLLAR Previous	STERLING Oct 15	STERLING Previous
$	–	–	1.2085	1.2265
DM	3.141	3.106	3.7925	3.8175
Yen	249.0	247.7	300.75	303.75
FFr	9.6325	9.52	11.53	11.675
SwFr	2.5775	2.554	3.1125	9.1325
Guilder	3.54	3.5	4.2775	4.2925
Lira	1,934.0	1,914.5	2,337.0	2,352.5
BFr	63.45	62.725	76.725	77.2
C$	1.32425	1.319	1.5995	1.617

INTEREST RATES

	Oct 15	Prev
Euro-currencies (3-month offered rate)		
£	10⅝	10⁹⁄₁₆
SwFr	5½	5⁷⁄₁₆
DM	6	8
FFr	11½	11⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅛	11³⁄₁₆
6-month U.S.$	11⅜	11½
U.S. Fed Funds	10⅝	10¼
U.S. 3-month CDs	10.60	10.65
U.S. 3-month T-bills	9.93	9.895

U.S BONDS

Treasury		Oct 15* Price	Oct 15* Yield	Prev Price	Prev Yield
11⅞	1986	100[illegible]	11.72	100[illegible]	11.71
13¾	1991	106[illegible]	12.30	106[illegible]	12.31
12⅜	1994	102[illegible]	12.25	101[illegible]	12.27
12½	2014	103[illegible]	12.07	103[illegible]	12.11

Corporate	Oct 15* Price	Oct 15* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	90½	12.75	90½	12.75
3⅞ July 1990	70⅛	10.95	70½	10.95
8⅜ May 2000	72¼	12.95	72¼	12.95
Xerox				
10⅜ March 1993	88¼	12.65	88¼	12.65
Diamond Shamrock				
10⅜ May 1993	88⅛	12.95	88⅛	12.95
Federated Dept Stores				
10⅜ May 2013	82½	12.95	82½	12.95
Abbot Lab				
11.80 Feb 2013	92	12.90	92	12.90
Alcoa				
12¼ Dec 2012	91⅜	13.45	91⅜	13.45

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	67–22	68–15	67–18	68–03
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.00	90.08	89.98	90.09
Certificates of Deposit (IMM) $1m points of 100%				
Dec	89.15	89.22	89.12	89.21
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	88.73	88.90	88.72	88.83
20-year Notional Gilt £50,000 32nds of 100%				
Dec	106–26	107–15	106–21	107–14

COMMODITIES

(London)	Oct 15	Prev
Silver (spot fixing)	594.30p	580.30p
Copper (cash)	£1,040.25	£1,040.75
Coffee (Nov)	£2,477.50	£2,416.50
Oil (spot Arabian light)	$27.93	$27.85

Closing prices, October 15

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.2	20	20	22¼	22¼	22¼	-⅛
18⅞	17⅛	AMF	.50	2.9	155	443	17⅜	16¾	17	
41¼	24¼	AMR			4	2984	29¼	28¾	28¾	-⅜
20⅞	18¼	AMR	pf2.13	11		5	19⅝	19⅝	19⅝	
41½	27½	AMR	pf2.13	6.8		125	31	30⅝	31	+⅛
18¾	8½	APL			4	52	13½	13½	13½	+⅛
67¾	40¼	ARA	2.10	3.1	14	478	u67⅞	67⅛	67⅞	+⅛
69⅝	44¼	ASA	3a	5.3		235	55⅞	55¼	56½	-⅛
30⅛	16½	AVX	.32	1.7	12	122	19	18⅞	18¾	+¼
52⅞	36¾	AbtLab	1.20	3.0	13	5505	40⅝	39⅝	40	+⅜
35⅞	23¼	AccoWd	.66	2.1	18	25	30¼	30½	30¼	+⅛
27¼	12½	AcmeC	.40	2.7		171	15	14½	14⅝	+½
12⅛	8¼	AcmeE	32b	3.1	16	14	10⅜	10¼	10⅜	+⅛
24⅞	11	AdmDg	.04	.2	13	115	24⅛	24⅛	24⅛	
18⅞	15	AdaEx	2.11e	13.		49	16¼	16½	16⅝	+⅛
18⅞	17⅞	AdmMl	.28	1.9	10	1	14⅜	14⅜	14⅜	
22	13½	AdvSys	.8⅞	4.7	16	50	17¼	17⅜	17⅜	+½
41⅜	25⅞	AMD			16	3954	35⅞	34¾	35¼	+½
14⅝	7⅜	Advest	.12	1.4		34	8¾	8½	8⅝	-⅛
17⅞	9⅝	Aeflex			11	33	11⅞	11⅝	11¾	
39	27¼	AetnLf	2.64	7.4	33	4100	35⅜	35⅛	35½	+¼
58¾	52⅛	AetL	pf5.78e	11		400	52½	53	53¼	+⅛
34½	15¼	Ahmns	1.20	5.2	6	948	23	22½	22⅞	+½
6½	2⅝	Aileen				3	2⅝	2⅝	2⅝	
48⅞	36½	AirPrd	1.20	2.8	10	979	44	43	43¼	+⅜
30⅞	13	AirbFrt	.60	3.2	10	84	18½	17⅞	18½	+¼
3¼	1⅝	AlaMoa	.50e	14		12	3½	3½	3½	-⅛
7¼	6	AlaP	dpf.87	13		17	6⅞	6½	6⅝	+⅛
[illegible]										

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Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 15

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¾	3⅝	ADI	n		19	209	7	6½	6½	−⅛
15⅞	8¾	ALLab	n.20	1.9	10	60	10½	10⅛	10⅝	−⅛
13⅞	12⅛	AMC	n.12e	.9	12	45	13½	13½	13½	+⅛
3¼	2⅝	AMInt	wi			382	3¼	3⅛	3⅛	
2⅞	⅛	ATI				41	15-16	⅞	⅞	−⅛
70	60	ATTFd	pd4.60e	6.8		21	67¾	67¼	67⅝	+½
7⅞	2⅝	AcmePr				12	3⅝	3⅝	3⅝	
16⅞	8¾	AcmeU	.32	3.8	10	196	9⅝	d9	9⅝	−⅛
16⅞	9⅞	Action			26	96	12⅞	12⅞	12⅞	−⅛
9¼	5⅞	Acton				76	6	5⅞	5⅞	−⅛
4¼	2⅛	AdmRs			4	7	2⅝	2½	2⅝	
25½	15⅞	AdRusl	s.14	.7	16	8	19½	19½	19½	
24¼	15	Adobe	.24	1.3	13	83	19	18½	18¾	+¼
6⅛	3½	Aegis			15	5	4⅝	4⅝	4⅝	−⅛
8⅝	4	Aeronc			9	67	7⅞	7¾	7¾	
25¾	18⅞	AfilHsp	.44	2.1	8	4	20⅞	20¾	20¾	−¼
9¾	6	AirExp			36	32	9¾	9⅝	9¾	+⅛
5⅛	3⅛	Alamco			2	153	3½	3½	3½	−⅛
14⅛	6⅞	AlbaW	.20e	2.4	8	12	8¼	8⅛	8¼	+⅛
6⅞	5⅛	Alcho	.48r	6.9	1	18	7	6¾	7	+⅛
22½	11⅛	Alphain	.05	.4	16	718	13	12⅞	12¾	+⅛
2⅞	½	Alpex				140	⅛	⅛	⅛	−1-16
34¾	28⅝	Alcoa	pf3.75	12.		z100	30½	30½	30½	−⅛
21⅛	11	AlzaCp			71	900	u21⅛	21	21⅛	+¼
20⅛	9½	Amdahl	.20	1.8	13	188	11½	11⅛	11⅛	−⅛
17¾	7⅞	Amedco	.08	1.1	6	147	7⅞	d7¾	7⅞	−⅛
6⅞	4⅛	AmBilt	.15	2.4	5	62	u6½	6⅛	6⅛	
28⅞	12¾	AExp	wi			187	21⅞	21⅛	21½	
8⅛	7¾	AFruc	n		6	14	8	7¾	8	
12¾	9	AHlthM			8	64	9⅝	9¼	9⅝	
7⅞	4	Alsrael			1	12	5¼	5¼	5¼	
19⅞	14¼	AMzaA	.52	2.8	8	37	18¾	17⅞	18¾	+⅛

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

X-Y-Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	33¾	Xerox	3	8.1	10	2766	37½	37	37⅛	
51⅛	45⅛	Xerox	pf5.45	11.		3	47½	47½	47½	
37	19	XTRA		2.4	10	22	26⅝	26⅛	26⅝	+⅛
33⅞	24	ZaleCp	1.32	5.0	9	36	26⅛	26⅛	26⅝	−⅛
24⅞	16¼	Zapata	.84	4.5	13	513	18⅞	18¼	18½	+⅛
48	28¾	Zayre	.40b	.9	13	411	45¾	48	45⅝	+⅜
38⅝	26	ZenithE			8	1021	25½	24½	25¼	+⅝
27⅞	18	Zero	s .36	1.8	18	49	22¼	22	22	−⅛
34	21⅛	Zurnin	1.32	5.6	12	21	23⅞	23⅛	23¼	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 15	Price Sch.%	+ or −
Creditanstalt	208	−2
Goesser	328	−1
Interunfall	385	+2
Laenderbank	211	−5
Perlmooser	351	......
Steyr-Daimler	148	......
Veitscher Mag.	242	+1

BELGIUM/LUXEMBOURG

Oct. 15	Price Frs.	+ or −
B.B.L.	1,820	......
Bekaert B.	4,785	+55
Ciment CBR	2,695	+5
Cockerill	285	−5
Delhaize	6,770	+20
EBES	2,860	+10
Electrobel	8,130	−70
Fabrique Nat	2,100	+10
GB Inno BM	3,400	−10
GBL (Brux)	2,650	+6
Govaert	3,655	......
Hoboken	6,800	......
Intercom	9,146	−5
Kredietbank	7,500	......
Pan Hldgs	10,250	−100
Petrofina	7,850	+30
Royale Belge	9,020	+20
Soc. Gen. Banq	3,140	+10
Soc. Gen. Belge	1,835	−10
Sofina	7,370	+10
Solvay	4,380	−20
Stanwick Intl.	1,480	......
Tractionel	4,120	+10
UCB	6,400	+20
Wagon Lits	2,580	......

DENMARK

Oct. 15	Price Knr %	+ or −
Andelsbanken	259	+2
Baltic Skand	545	......
CopHandelsbank	260	+1
D. Sukkerfab	675	......
Danske Bank	251	+1
De Danske Luft	990	......
East Asiatic	176	......
Forenede Brygg.	745	+5

GERMANY

Oct. 15	Price Dm.	+ or −
AEG-Telef.	110.3	+1.4
Allianz Vers	1055	+26
BASF	168.8	+4.7
Bayer	183.2	+2.4
Bayer-Hypo	294	−1.6
Bayer-Verein	327	−1.5
BHF-Bank	967.6	+6.5
BMW	386	......
Brown Boveri	199	−6
Commerzbank	166.8	+0.6
Cont'l. Gummi	126	−0.6
Daimler-Benz	691.5	+1
Degussa	379	+1
D'sche Babcock	160.6	+2
Deutsche Bank	370	+1.9
Dresdner Bank	169.0	+0.1
GHH	157.9	−2.1
Hochtief	475	−1
Hoechst	183.9	+2.8
Hoesch Werke	104.5	......
Holzmann (P)	380.0	......
Horten	169	+2
Hussel	873	......
Karstadt	256.3	−0.9
Kaufhof	223	+8.5
KHD	858.5	−0.5
Kloeckner	65.7	+0.8
Linde	386	+1.2
Lufthansa	150.5	−2.5
MAN	156	......
Mannesmann	154	−0.7
Mercedes Hld	681.8	+1
Metallgesell	220.1	+0.1
Munech Rueck	12,05	−10
Nixdorf	540	......
Porsche	1,058	......
Preussag	959.8	+0.3
Rhein West Elect	163.5	−0.5
Rosenthal	245	......
Schering	401.8	+1.8
Siemens	461.5	+2
Thyssen	77.2	−0.1
Varta	170	−1
Veba	171	+0.5
V.E.W.	120.	......
Verein-West	295	......
Volkswagen	188.3	+4.1

AUSTRALIA (continued)

Oct. 15	Price Aust. $	+ or −
Cen Prop Trust	2.58	+0.02
Hardie James	3.45	......
Hartogen Energy	9.85	+0.05
Herald W'yTimes	4.05	+0.03
ICI Aust.	2.21	+0.01
Jimberlana F.P.	0.28	−0.02
Kia Ora Gold	0.13	......
Lend Lease	6.5	+0.1
MIM	2.92	+0.02
Mayne Nickless	3.76	−0.04
Meekatharra	0.8	+0.05
Myer Emporium	1.82	......
Nat. Aust. Bank	3.34	......
News	9.8	+0.08
Nicholas Kiwi	3.9	−0.02
North Bkn Hill	2.4	+0.05
Oakbridge	0.83	+0.01
Otter Expl	0.43	......
Pancont'l	1.18	+0.02
Pioneer Conc.	1.73	−0.01
Queensland Coal	1.18	+0.01
Reckitt & Coln	2.85	......
Repco	1.17	+0.02
Santos	6.96	+0.02
Smith (Howard)	3.85	+0.04
Southland Min'g	0.26	−0.01
Spargos Expl	0.37	......
Thos. Natwide	1.89	+0.01
Tooth	5.5	......
Vamgas	3.85	−0.05
Western Mining	3.17	+0.01
Westpac Bank	3.85	+0.04
Woodside Petrol.	1.25	+0.06
Woolworths	2.7	......
Wormald Intl.	2.96	+0.01

HONG KONG

Oct. 16	Price H.K.$	+ or −
Bank East Asia	19.7	+0.1
Cheung Kong	8.15	+0.25
China Light	14.2	+0.2
Hang Lung Devel	2.42	......
Hang Seng Bank	35.5	+0.75
HK Electric	6.95	+0.08
HK Kowloon Wh.	3.85	+0.08
HK Land	3.12	+0.15
HK Shanghai Bk.	6.78	+0.15
HK Telephone	42.75	......
Hutchison Wpa.	12.9	+0.3
Jardine Math.	7.45	+0.08
New World Dev.	3.67	+0.07
Orient O'seas	9.55	......
O'seas Trust Bk.	2.8	......
SHK Props.	6.85	+0.05
Swire Pac A	18.2	+0.2
Wheel'k Mard A.	3.6	+0.05
Wheel'k M'time	1.46	......
World Int. Hldgs.	9.17	......

JAPAN

Oct. 15	Price Yen	+ or −
Ajinomoto	1,090	−0.20
Alps Electric	2,420	+50
Amada	1,250	+30
Asahi Chem.	650	+2
Asahi Glass	854	+26
Bridgestone	570	+5
Canon	1,610	+90
Casio Comp.	1,770	+140
Chugai Pharm.	1,050	−10
Citizen	615	+13
Daiei	650	+5
Dai Nippon Ptg	1,040	+30
Daiwa House	613	+7
Ebara	318	−3
Eisai	1,330	+40
Fanuc	12,470	+270
Fuji Bank	1,000	+40
Fuji Film	1,710	+30
Fujisawa	1,110	−30
Fujitsu	1,460	+70
Green Cross	1,690	+10
Hasegawa	380	−1
Heiwa Real Est.	545	+2
Hitachi	871	+21
Hitachi Credit	1,030	+10
Honda	1,300	+20
House Food	711	−9
Hoya	8,710	+280
Itoh (C)	280	+2
Ito. Yokado	2,350	+60
Iwatsu	1,510	+10
JACCS	328	−2
JAL	4,300	+70
Jusco	782	−8
Kajima	269	−1
Kao Soap	815	+85
Kashiyama	685	+2
Kirin	630	+6
Kokuyo	931	+1
Komatsu	457	......
Konishiroku	687	+7
Kubota	385	−1
Kumagai	435	+5
Kyoto Ceramic	7,700	+460
Maeda Const.	442	+2
Makino Milling	1,450	+30
Makita	1,080	+10
Marubeni	298	+2
Marudai	598	−10
Marui	1,050	−20
MEI	1,620	+10
M'ta Elec Works	635	+15
M'bishi Bank	960	+2
M'bishi	503	−1
M'bishi Elec.	487	+12
M'bishi Estate	470	−3

CANADA

TORONTO

Prices at 2.30pm October 15

MONTREAL

Closing prices October 11

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

LONDON

Chief price changes

(In pence unless otherwise indicated)

RISES

Tr. 14½pc 1994	£119¾	+1¾
Tr. 2pc I/e '96	£108¾	+1¾
Bath & Portland	214	+21
Channel Tunnel	320	+13
Dickie (James)	31	+7
Downiebrae	25	+6
Haden	180	+10
Hampton	37	+3½
Jaguar	203	+6
Kent (M.P.)	74	+7
Lucas	241	+13
MFI	189	+7
Marley Estates	122xd	+7
Ratcliffe	61	+11
Rowntree M'tosh	348	+10
Stockley	88	+10
Stylo	148	+10
Unigate	145	+6
Atlantic Res.	106	+8
Burmah Oil	205	+5
Anglo-Indon.	217	+12
Bougainville	121	+5
RTZ	612	+15

FALLS

Tr. 2pc I/e '90	£92¾	−1½
Beazer (C.H.)	120	−6
Leech (Wm.)	123	−8
Novo Industri	£22¾	−£4⅛
Vinten	245	−23
Bryson O&G	210	−45
Eglinton O&G	88	−23

Continued on Page 38

LONDON STOCK EXCHANGE

MARKET REPORT

Scent of cheaper money bolsters markets and annuls adverse effects of sickly pound

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

The scent of cheaper money was still powerful enough yesterday in London stock markets to offset further bad news on the exchange rate front. Leading Continental currencies, including sterling, wilted as the dollar strengthened on encouraging economic and inflation data over the weekend. The pound was also unsettled by fears of lower North Sea oil prices in the wake of a Norwegian (Statoil) price reduction.

Gilt-edged investors were not dismayed by the currency events and committed funds to both conventional and index-linked issues. The authorities sold stock of both index-linked issues made available only yesterday to the market; supplies of the £100m tranche of Treasury 2½ per cent 2003 were sold at 97¾, while part of the £200m issue of Treasury 2½ per cent 2016 went at 95¼.

Longer-dated conventional Gilts rose ½ and appeared to be set for fresh improvement, but easier U.S. bond values later blunted buying enthusiasm. Subsequently, Gilt-edged stocks surrendered part of their improvement to close with mixed movements on the day. Medium-dated stocks often retained their rises, but ultra-long issues settled only fractionally harder. After the recent upsurge, index-linked stocks became more volatile, displaying ½-point rises to ½-point falls.

The announcement that the Bank of England had granted a £1bn temporary facility for the sale and repurchase of Gilt-edged securities, which should avert technical pressures on UK money markets through impending VAT payments, made little impact on sentiment, while news of U.S. Prime lending rate reductions came too late to affect market sentiment.

Leading shares were influenced by Friday's Wall Street trend. The latter's rise more than outweighed a slightly less optimistic reading of the miners' dispute. Buyers were again very selective in their approach and a further rise of 5.6 to 881.8 in the FT Industrial Ordinary share index owed much to firmness in constituents Blue Circle and Lucas Industries. Particularly strong lately, the latter advanced in style to close 13 up at a 1984 peak of 241p. Revived speculation arose of a U.S. approach, but the shares could well be undergoing a market re-rating.

Composites rise

An FT article highlight the current capital strength of British insurance companies induced a fairly good demand for Composites on the first day of the new trading Account. Royals were popular and jumped 15 to a new high for the year of 500p, while Sun Alliance put on 10 to 400p as did General Accident, to 500p. GRE improved 5 at 605p but Commercial Union, after touching 188p initially, drifted lower to finish unaltered at 185p. Elsewhere, bid hopes continued to underpin Life issues. Recently good on talk of an offer from Citicorp of the U.S., Equity and Law added 5 afresh to 210p. Sun Life advanced 21 to 704p, while improvements of 6 and 7 respectively were seen in Britannic, 558p, and Pearl, 887p.

Mercury Securities featured merchant banks with a recovery of 17 to 420p from the depression caused recently by comment on the cost of the four-way merger involving stockjobbers Akroyd and Smithers and stockbroking concerns, Rowe and Pitman and Mullens.

The two newcomers to the Unlisted Securities Market staged successful debuts. Design engineering consultants Hawtal Whiting opened at 212p and moved up to 218p compared with the placing price of 197p, while tobacco and confectionery retailers T. and S. Stores, which were placed at 90p, started at 96p and touched 99p prior to closing at 98p.

Leading Building Material issues attracted further light support. Buying in a market short of stock lifted Blue Circle 10 to 442p, while Tarmac continued to reflect its involvement in a consortium which recently won a £100m Egyptian contract and firmed 4 afresh to 474p. Elsewhere, Bryant Holdings closed a penny better at 64p, after 65p, following the better-than-expected annual results, while John Mowlem rallied 10 to 204p on second thoughts about the recently-announced interim figures. Feb International "A" firmed 4 to 92p awaiting today's half-timer. Among Timbers, Meyer International attracted further buying interest on takeover rumours and touched 130p prior to closing 3 dearer on balance at 127p. Leyland Paint were a good market for a similar reason and gained 2½ to 27½p.

Renewed American demand, reflecting currency considerations, and domestic buying ahead of next week's third-quarter figures saw ICI rise to a 1984 peak of 688p before closing a net 4 up at 686p. Danish industrial enzymes producer Nova Industries "B" came under selling pressure following the company's downgrading of sales growth estimates and the close was a net 4¼ points down at £22½.

Footwear issues highlighted renewed strength in Stylo which rose 10 to 148p following the disclosure that British Land, a penny cheaper at 131p, now controls 7.3 per cent of the equity.

Already a few pence to the good throughout the session, leading Stores made further progress after-hours. The sector derived encouragement from the latest retail sales figures — the provisional index for September rose to 114.3 from August's 110.6. Gussies A fared best with a rise of 18 to 633p. Burton, 316p, and Woolworth, 540p, added 4 apiece, but British Home, due to reveal first-half figures tomorrow, eased a penny to 234p. Raybeck, which announced poor interim figures last Friday, rallied a couple of pence to 27p on recovery hopes.

Harris Queensway, 178p xd and MFI, 189p, rose 5 and 7 respectively, but other secondary Stores were generally content to mark time. Etam attracted scattered speculative support and rose 5 to 122p, while Aquascutum A were marked 3 higher to 49½p.

Leading Electricals made a quietly firm start to the Account. Thorn EMI led the way with a gain of 6 to 433p, while GEC, 228p, and Racal, 254p, improved 2 apiece. Elsewhere, Reatshaw edged forward a penny to 29p and the new nil-paid shares firmed 10 to 75p in response to Press comment.

Several firm spots emerged from secondary Engineerings. F. S. Ratcliffe jumped 11 to 61p, excited by news that West Bromwich Spring had increased its stake in the company to over 22 per cent; WBS firmed 2½ to 81p. Haden jumped 10 to 160p on details of the deal with Carrier Corporation Syracuse of the U.S., while James Dickie rose 7 to 31p, after 33p, in response to an investment recommendation. Downiebrae gained 6 to 25p as did McKechnie, to 139p, while Pegler-Hattersley put on 12 to 246p and A. Cohen firmed 15 to 490p. Carclo added 8 at 150p and Strothert and Pitt gained 5 to 145p.

Among Foods, buyers returned for current takeover favourite Rowntree Mackintosh which moved up to a 1984 peak of 350p prior to closing a net 10 up at 348p. Unigate were prominent on talk of a broker's circular being in the offing and gained 6 to a high for the year of 145p. Recently-overlooked Cadbury Schweppes firmed 4 to 143p, while Ranks Hovis McDougall added 3 at 103½p. Food Retailers were also firm with Associated Dairies 4 higher at 186p. Albert Fisher gained the turn only to 112p, despite the excellent annual results but Basset drew late support and closed 6 higher at 153p. Fresbbake improved a couple of pence to 106p following Press comment.

Pentland improve

Pentland returned to favour in miscellaneous industrials as bid hopes revived and the close was 14 better at 250p. Channel Tunnel advanced 13 to 123p on hopes that this week's talks in Paris between British and French Government transport officials will lead the way for a "chunnel" project. Eastern Produce attracted buyers and firmed 20½ to 300p xd, while Amari gained 6 to 105p in response to Press comment. British Aerospace moved up 7 to 377p and the recently-favoured Hanover Investments hardened a couple of pence more to 140p; the latter's interim figures are scheduled for tomorrow. Reflecting Far-eastern influences, Hutchison Whampoa put on 7 to 138p and Jardine Matheson rose the same amount to 79p. Vinten, on the other hand, still unsettled by a broker's downgraded profits forecast, slumped 23 further to 245p. Polymark remained on offer at 9p, down a further penny, while Chubb gave up 4 at 270p as hopes faded of a counter to Racal's bid.

Activity in Motors was not totally confined to Lucas Industries. Investment interest elsewhere in the sector. Boosted by hopes of substantial orders emanating from the International Motor Show, which begins today in Birmingham, Jaguar spurted 8 to 203p as favourable Press comment stimulated sizable "call" option business; dealers reported renewed interest from U.S. sources. Lotus firmed 3 to 59p, while BL held at 44p; the latter's Metro range has risen to the top of the domestic new car sales league in the first 10 days of the current month. Automotive Products hardened a couple of pence to 53p on the formation of a joint venture company with Turner and Newall, unchanged at 94p. Buyers also displayed fresh enthusiasm for British Car Auction which advanced 5 to 100p.

DRG proved to be one of the day's more volatile counters; down to 174p in early business following "take-profits" advice in the weekend Press, the shares rallied sharply on revived U.S. bid speculation to touch 184p before closing unchanged on balance at 180p.

Properties continued to feature possible takeover candidates and residential property developers. The bid scene was enlivened by news of C. H. Beazer's agreed offer for M. P. Kent; the latter, up sharply last week on the announcement that bid discussions were in progress, moved up another 7 to 74p. With Beazer 8 down at 350p, the cash and shares bid currently values Kent at 77.7p per share. Bath and Portland, in which Kent holds a 18.1 per cent stake, gained 21 to 214p, after 218p, but William Leech, where Beazer holds a 46.4 per cent stake following a recent abortive takeover attempt, fell 8 to 123p. Elsewhere, Marler Estates continued to trade actively and touched a 1984 peak of 128p xd prior to closing a net 7 up at 122p xd. Still reflecting the Government's plan to relax rent controls on private rented housing, Mountview Estates rose 5 more to a high for the year of 340p and Daejan gained a similar amount to 320p. Elsewhere, Stockley put on 10 to 66p on hopes that the company would soon obtain planning consent for its Stockley Park development, near Heathrow Airport.

Firmer Far Eastern markets prompted occasional strength in Investment Trusts. New Tokyo hardened 7 to 333p, while similar rises were noted in Fleming Japanese, 504p, and Baillie Gifford Japan, 291p. Elsewhere, London Trust firmed a couple of pence to 91p after favourable weekend comment. Among Financials, Hampton Trust rose 3½ to 37p following a newsletter recommendation, while the increased interim profits and dividend lifted Antofagasta 11 to 175p.

Oils lose ground

Quietly firm for much of the day, leading Oils came under selling pressure in the late afternoon following news that Statoil has effectively lowered crude oil prices. Fears that Statoil's move may lead to lower North Sea crude prices saw all the leading issues retreat to close with minor falls on the day. BP fell back from 493p to close a net 3 off at 485p, while Britoil, 228p, after 233p, and Shell, 653p, after 660p, settled with similar falls. LASMO, already under pressure on continued talk of a rights issue, finished 12 lower at 323p. Burmah Oil advanced 208p amid persistent bid speculation, but eased back to close with a net gain of 5 at 205p.

Irish exploration issues tumbled from the outset on news that Eglinton's latest well in Colombia has been abandoned; Eglinton slumped 23 to 60p, compared with the 130p ruling a week yesterday. Bryson Oil dropped 45 more to 210p—a fall of more than 100p in a week.

Plantations continued to highlight Anglo-Indonesian which spurted 12 more for a two-day gain of 32 to 217p in front of Thursday's mid-term statement.

RTZ advance

Mining markets were highlighted by exceptional strength in Rio Tinto-Zinc which advanced 15 to 612p, after 615p, as favourable weekend Press comment encouraged persistent demand in a market short of stock. Other UK-based issues also made progress with Consolidated Gold Fields finally 8 up at 510p, after 515p. Charter Consolidated improved to 225p initially but encountered profit-taking which left the close a penny down on balance at 222p.

Currency fluctuations played a significant part in South African Gold shares. Sharply higher in the U.S. on Friday night, Golds opened firmer in London but thereafter failed to attract any substantial interest in either direction. Although barely changed in dollar terms, sterling prices for Golds were enhanced by the marked weakness of the pound against the American currency and the Gold Mines index, calculated in sterling prices, rose 6.6 to 554.6.

Australians were marked up at the outset, boosted by widespread firmness in Sydney and Melbourne exchanges overnight. Subsequent activity in London was confined to modest buying interest and most of the leading diversified issues closed with moderate gains on balance.

Traded Options attracted 4,342 contracts, comprising 3,336 calls and 1,006 puts. Trafalgar House returned to favour with 989 calls transacted—650 of which were done in the October 280's, 3 dearer at 37p. Jaguar were also lively and recorded 320 calls, the December 200's accounting for 166 and rising 3 to 15p, and 314 puts.

FINANCIAL TIMES STOCK INDICES

	Oct. 15	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Year ago
Government Secs.	80.99	80.25	80.46	80.70	80.75	80.98	81.25
Fixed Interest	84.66	84.94	84.50	84.52	84.71	84.77	84.22
Industrial Ord.	881.6	876.0	870.6	866.8	866.2	866.6	677.6
Gold Mines	554.6	548.0	550.2	555.2	557.6	601.8	541.0
Ord. Div. Yield	4.81	4.83	4.86	4.88	4.88	4.84	4.98
Earnings, Yld.% (full)	11.48	11.63	11.60	11.65	11.65	11.56	9.88
P/E Ratio (net) (*)	10.44	10.40	10.34	10.29	10.29	10.40	12.68
Total bargains (Est.)	21,001	16,611	12,762	18,643	18,426	18,220	20,081
Equity turnover £m.	—	406.84	388.42	378.57	256.51	246.41	171.63
Equity bargains	—	20,110	12,703	15,450	15,606	16,471	16,553
Shares traded (ml)	—	267.2	225.2	866.2	141.4	122.7	116.7

10 am 877.2. 11 am 878.2. Noon 880.4. 1 pm 879.8. 2 pm 879.8. 3 pm 880.4.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. Nil=10.03.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (5/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (5/5)	755.3 (25/7)	922.8 (5/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (3/3)	485.7 (1/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 12	Oct. 11
Daily Gilt Edged Bargains	134.3	141.4
Equities Bargains	130.3	121.8
Value	820.5	786.1
5-Day Average Gilt Edged Bargains	147.3	150.8
Equities Bargains	111.9	109.2
Value	578.5	557.0

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (140)

BRITISH FUNDS (7)
LOANS (1)
AMERICANS (12)
CANADIANS (4)
BANKS (2)
BREWERS (1)
BUILDINGS (3)
CHEMICALS (6)
STORES (5)
ELECTRICALS (3)
ENGINEERING (4)
FOODS (8)
INDUSTRIALS (24)
INSURANCE (8)
LEISURE (2)
MOTORS (4)
PAPER (8)
PROPERTY (7)
TEXTILES (4)
TRUSTS (22)
OILS (4)
PLANTATIONS (2)
MINES (1)

NEW LOWS (20)

AMERICANS (1)
Damson Oil
BUILDINGS (1)
Roberts Adlard
CHEMICALS (1)
Novo Inds. B
ELECTRICALS (2)
United Scientific [illegible]
ENGINEERING (1)
Ash & Lacy
FOODS (3)
Bio-Isolates, Canverron [illegible], Home Farm Products
INDUSTRIALS (7)
Anglo Nordic, Polymark Intl., Delaney [illegible], Fogarty, Haverns [illegible]
NEWSPAPERS (1)
Websters Group
PLANTATIONS (1)
Bertam
MINES (1)
N. Sabina Resources

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 8	Oct 19	Jan 10	Jan 21
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18

For rate indications see end of Share Information Service

Money was given for the call of Celestion, Jaguar, Pritchard Services, Eglinton Oil and Gas, Raybeck, Kwik-Fit, Cliff Oil Warrants, John Brown, Dobson Park Industries, Rowntree Mackintosh, Amstrad Consumer Electronics, Robert Kitchen Taylor, Davy Corporation, Lonrho, Bryson and North Kalgurli. A put was done in Leigh Interests, while a put and a double were transacted in Eglinton Oil and Gas.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	71	11	21
Corpns. Dom and Foreign Bonds	14	3	63
Industrials	393	190	828
Financial & Props.	178	57	282
Oils	25	25	74
Plantations	5	3	10
Mines	75	15	80
Others	111	15	60
Totals	877	321	1,443

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
DRG	[illegible]	180	[illegible]
Cosalt	[illegible]	[illegible]	[illegible]
Cmmcl. Union	[illegible]	185	[illegible]
BSG Intl.	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]
Brind. Quilcast	[illegible]	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]
Polly Peck	[illegible]	[illegible]	[illegible]
600 Group	[illegible]	[illegible]	[illegible]
Trafalgar Hse.	[illegible]	[illegible]	[illegible]
Premier Cons.	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	105	+15
Burmah Oil	205	+5
DRG	180	—
Eastern Produce	300xd	+20½
Eglinton Oil & Gas	60	-23
ICI	686	+4
Kent (M. P.)	74	+7
Nova Inds. B	[illegible]	[illegible]
Pentland	[illegible]	[illegible]
Racal	[illegible]	[illegible]
RTZ	612	+15
Rowntree Mackintosh	348	+10

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	146	136	♦Addison Comms. 3p	146	+1	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Applecord A&P 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Britt. Bloodstock	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Checkpoint Europe 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Comp. Fin. Servs. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Domin'n Int. High Inc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Extract Wool 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.&C. Pacific InvWrts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Fergabrook 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Hawtal Whiting 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Hoggett Bowers 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Home Counties Hidgs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Ind. Scot. Energy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Midcon Corp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oldacre 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦Paul Michael L'w'sp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	S & U Stores Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Second Market Inv. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stone Intl. 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦T. & S. Stores 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	♦TradePromotion 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wates City of Lon. Prop. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Young Hi.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	—	[illegible]	[illegible]	♦Applied Botanics 12% Cnv. Unc. 1990	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bristol Waterworks 11¼% Red. Deb. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bournemouth Water 9% Red. Prf. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Water 8% Red. Prf. 1988	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11¾% Red. Deb. 2004	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Water 8% Red. Prf. 1989	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	European Inv. 10¼% Ln. 2004	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Folkestone Water 11¼% Red. Deb. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Bk. for Recon. & Dev. 11¼% Ln. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Shop Prop. 11% 1st Mort. Deb. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Marley 11¼% Deb. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Slough Ests. 11¼% 1st Mort. Deb. 2018	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sweden 11¼% Ln. 2012	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	T.V. South 10% Sub. Conv. Ln. 1997	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
8	F.P.	22/11	10½	8½	Astra Ind. 10p	[illegible]	[illegible]
155	Nil	12/11	22pm	12pm	Avon Rubber £1	[illegible]	[illegible]
87	Nil	16/11	14pm	[illegible]	Comm Ld Int Ind [illegible]	[illegible]	[illegible]
32	F.P.	31/10	57	44	Moggitt 5p	[illegible]	[illegible]
200	F.P.	7/11	553	470	NatWest Bank £1	[illegible]	[illegible]
A$0.50	Nil	[illegible]	[illegible]	[illegible]	Paringa Mining Units	[illegible]	[illegible]
445	Nil	14/11	88pm	68pm	Reckitt & Colman	[illegible]	[illegible]
220	Nil	[illegible]	72pm	47pm	♦Renishaw 5p	[illegible]	[illegible]
150	F.P.	23/11	185	128	Securicor Group	[illegible]	[illegible]
132	F.P.	23/11	185	177	Do. 'A' N-V	[illegible]	[illegible]
142	F.P.	23/11	196	174	Security Services	[illegible]	[illegible]
A$0.50	Nil	31/10	88pm	72pm	TNT A$0.50	88pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ‡ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment letters (or fully-paid). ◆◆ Introduction. ♦ Unlisted Securities Market. § Placing price. † Figures assumed. † Units comprising one ordinary share and one option.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon Oct 15 1984: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri Oct 12 Index No.	Thur Oct 11 Index No.	Wed Oct 10 Index No.	Tues Oct 9 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	532.99	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (25)	477.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	870.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (13)	1571.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (30)	1962.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (190)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Finance (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (741)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Oct 12	Oct 11	Oct 10	Oct 9	Year ago
FT-SE 100 SHARE INDEX	1146.0	+2.5	1147.3	1143.3	1143.7	1141.3	1136.5	1136.5	—

FIXED INTEREST

PRICE INDICES	Mon Oct 15	Day's change %	Fri Oct 12	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Government Index-Linked Stocks					
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Mon Oct 15	Fri Oct 12	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 15 years	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 15 years	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 15 years	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 15 years	[illegible]	[illegible]	[illegible]
13 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]
15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C, SILVER C, $FL C, $FL P, £ C, £ P, ABN C, AEGN C, AH C, AKZO C, AKZO P, AMRO C, GIST C, HEIN C, HOOG C, IBM C, KLM C, KLM P, NEDL C, NEDL P, NATN C, PETR C, PHIL C, PHIL P, RD C, RD P, UNIL C, UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 24,127

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*507)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*137)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D.E.C. (*288)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*325)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*686)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (*308)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*656)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar Hse. (*314)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*522)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds. (*275)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*325)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*166)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*272)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*254)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*614)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
Beecham (*363)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*203)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$5.03)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guest Keen (*171)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*201)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*203)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*195)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1146)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Oct. 15. Total Contracts 4,342. Calls 3,336. Puts 1,006.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105⅞	101	Treas. 15pc 1985	101	.....	14.79	10.37
102¾	100	Exch. 12pc Cnv. '85	100	.....	11.92	10.36
96	93	Treas 3pc 1985	96	+	3.13	10.19
102⅝	99½	Treas 11½pc 1985	100	.....	11.44	10.59
99¼	96	Treas 8¼pcCnv '85	98½	+¼	8.89	10.52
104	99⅞	Exch. 12½pc 1985	102	+¼	12.05	10.55
103	99	Exch. 11¾pc '86	101	+	11.64	10.84
102	96	Treas. 10pcCnv 1986	98¾	+⅛	10.11	10.84
91	88¾	Treas 3pc 1986	91	+	3.27	8.74
102	96¾	Exch. 10½pc Cv '86	99	+⅛	10.56	10.88
104	99	Treas 12pc 1986	101¼	+⅛	11.85	10.94
98⅛	93½	Treas 8½pc 1984-86‡‡	96½	+¼	8.82	10.81
108	102	Exch. 14pc 1986	105½	.....	13.32	11.13
87¼	85	Exch. 2½pc 1986	87½	.....	2.87	9.35
107	100	Exch. 13¼pc 1987	103½	+	12.78	11.26
100⅞	94½	Treas 10½pcCv '87	98	+	10.46	11.20
86¼	83¼	Exch 2½pc 1987	85	+	1.91	9.25
101	94½	Exch. 10½pc 1987	98	–	10.68	11.24
92	87	Funding 6½pc '85-87‡‡	90¼	+⅛	7.20	11.03
99⅝	92⅞	Treas. 10pc 1987	96¾	+⅛	10.34	11.42
85	81	Treas 3pc 1987	83⅞	+⅛	3.58	9.83
105	97⅛	Treas. 12pc 1987	101	+	11.81	11.34
94⅞	87	Treas 7¾pc 1985-88‡‡	90	+	8.52	11.09
100¾	92	Exch 10½pc '88	97¾	+	10.18	11.45
98	89	Treas 9¾pc Cv '88	94⅝	+	10.30	11.57
82	77	Transport 3pc '78-88	78	+	5.82	10.06
96	88	Treas. 9½pc '88	93½	+⅛	10.17	11.61
106¼	94	Treas 11½pc 1989	99	+	11.54	11.56
95	87	Treas 9½pc Cnv. '89	93½	+	10.15	11.32
96	88	Treas 10½pc 1989	96½	+	10.94	11.58
100	88⅞	Exch 10pc 1989	94¼	+	10.62	11.51
98¼	94⅝	Exch 11pc 1989	97⅝	.....	11.27	11.62
85½	77½	Treas 5pc 1986-89	79	–⅛	6.28	10.32

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	160	......	Q100c	♦	36.4
17	8	Wankie Col. 2$1	9	+1	—	—	—
21	14	Zam.Cpr.SBD0.24	16	......	—	—	—

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	84xd	+2	Arnott	195	......
Craig & Rose £1	£11	......	CPI Hldgs	57	......
Finlay Pkg. 5p	44	......	Carrol Inds.	117	......
Higsons Brew	83	......	Dublin Gas	46	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	47	......
IoM Stm. £1	105	......	Helton Hldgs	15	......
IRISH			Irish Ropes	35	......
Exch. 12% 1985	£98¼xd	......	Jacob (W. & R.)	61	......
Nat. 9¾% 84/89	£94	......	TMG	65	......
Fin. 13% 97/02	£89⅝	......	Unidare	78	......

OPTIONS — 3-month call rates

Industrials	p	Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg	58
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	13
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	56	Peachey	17
Bowaters	25	'Lofs'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	20	**Oils**	
Burton Ord	22	Midland Bk	36	Brit. Oil & Min	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22		
Grand Met	30	Tesco	16		
GUS 'A'	55	Thorn EMI	55	Charter Cons	24
Guardian	50	Trust Houses	18	Cons Gold	58
GKN	20	Turner Newall	10	Lonrho	12
Hanson Tst	17	Unilever	75	Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 31

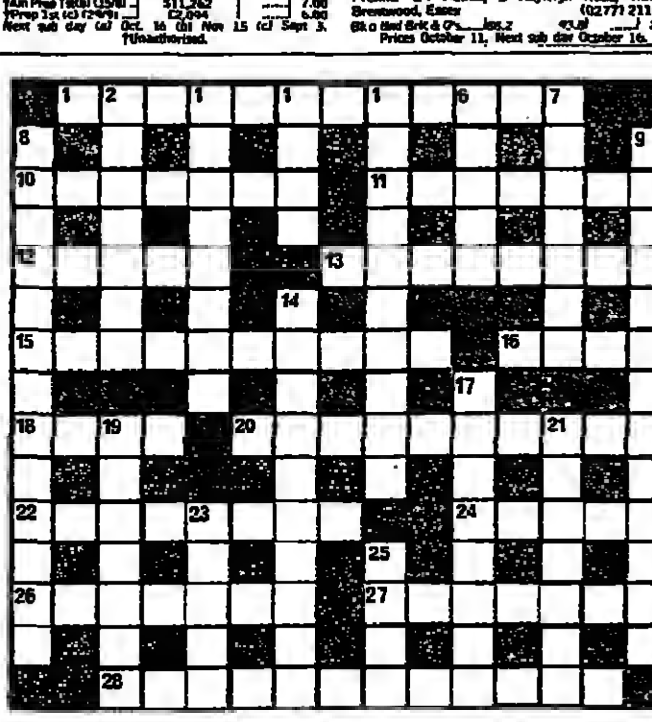
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,544



ACROSS

1 Patience does not permit this frank exchange (5-2-5)
10 To carry out terms, administrator drops four (7)
11 In the forest, they are ruddier about end of June (3-4)
12 Some extra dealing in commerce (5)
13 What bores the cabinet? (8)
15 Sort of technology used to vote Reagan in charge (10)
16 Advertise fixture in Bath (4)
18 Absorbent snow? (4)
20 Shadowy people in contracted work-site (10)
22 His paper unwrapped to show gemstone (8)
24 Factory flag, for example (5)
26 Ancient city giving wild sheep to us (7)
27 Sliding scale Irish leaders never employed (7)
28 For all the cops in disguise? (5-7)

DOWN

2 Rise at eleven, almost—muzzy (7)
3 Russian end-game? (8)
4 Huntsmen returning empty (4)
5 Most of chord-construction I study for this strange instrument (10)
6 Helped one dead-beat? (5)
7 Football official in work is in clover (7)
8 Lightest of brushes carried by daily (7-6)
9 Early ancestors having origins, pro tem, disguised (13)
14 M. - - - no prosaic sort of such an evaluation (10)
17 Make despondent and weaken the concentration? (8)
19 Uncle's premises used for Dad's dance (3-4)
21 Fancy having statue about, at home! (7)
23 A prophet and a shoe-repairer (5)
25 Paradoxically, scene of straight drives and square cuts (4)

Solution to Puzzle No. 5,543

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.50	—	.....	—	

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.5	.....	3.10
Chinese Fund	59.9	62.4	.....	1.10
Precious Metal Fund	122.6	127.7	.....	8.90
Vanguard Cmdy. Fd.	25.0	26.1	.....	2.26
Financial Futures Fd.	32.1	33.4	.....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$9.92	—	.....	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd				
36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	9.88	10.27	Qtr	Call
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.72	11.08	.....	Call
1-day Fnd	10.53	10.28	.....	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.64	10.92	6-mth	Call
1-day Fund	10.25	10.51	6-mth	7-day
Money Mngt. Acct.	10.37	10.79	3-mth	Call
Dollar	8.75	8.94	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Allied Hume				
30 City Road, EC1V 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtr	Call
Monthly Inc. Chq Acc.	10.25	10.74	Mthl	Call
Bank of Scotland				
30 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mthl	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	10.38	Qtrl	Call
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	10.375	10.885	Mthl	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 1DH. 01-248 3999				
Sterling	10.375	10.88	Mth	Call
U.S. Dollar	10.50	11.17	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Japanese Yen	6.0	6.25	Mth	Call
Choulartons				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	10.56	11.09	Mthl	Call
Co-operative Bank				
78-80 Cornhill EC3 01-626 6543 Ex 464				
Cheque & Save	8.50	8.77	Qtrl	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	10.25	10.66	Qtrl	Call
Lombard North Central PLC				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.625	10.91	Rate	14-day
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	10.30	10.85	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 0738				
High Int Chq	10.00	10.38	Qtrl	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int. Std. Acc.	9.71	10.20	Daily	Call
Premier Acc.	9.71	10.20	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.28	10.69	Qtrl	Call
Money Acc.	10.25	10.65	Qtrl	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.30	10.80	Mthl	Call
Over £10,000	10.55	11.08	Mthl	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. Dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ⊘ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

London tin prices move up strongly

BY OUR COMMODITIES STAFF

TIN PRICES on the London Metal Exchange moved up strongly yesterday wiping out the fall which trimmed values late last week.

The cash standard tin price, which, in spite of a £122.50 fall over Thursday and Friday, ended last week £170 up, gained another £172.50 yesterday to finish at £9,715 a tonne.

Dealers said factors behind the rise included the renewed weakness of sterling against the dollar, purchases on behalf of the International Tin Council buffer stock and a further fall in LME warehouse stocks.

Steadiness in the lead market was encouraged by the large fall which trimmed stocks to their lowest level since September 1981.

News of a tentative labour settlement at Ford Motor Company in the U.S. lent further support and cash lead ended the day £4.75 up at £342.50 a tonne.

Zinc was also strong with a fall in LME stocks once again the big factor. The cash price ended the day £10 higher at £342.50 a tonne. Last week's fall took the stocks level to its lowest since 1975, dealers noted.

The LME nickel price rose to a record high of £4,020 a tonne, encouraged by sterling's weakness, before closing £65 up on the day at £3,922.50 a tonne.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes in week ending Oct. 12)

Aluminium	−2,775 to 138,775
Copper	+1,825 to 162,125
Lead	−5,075 to 44,950
Nickel	−2,700 to 12,822
Tin	−685 to 25,035
Zinc	−2,275 to 34,975
	(tonnes)
Silver	+704,000 to 54.72m
	(troy ounces)

Calcutta tea prices rising

BY P. C. MAHANTI IN CALCUTTA

TEA PRICES are rising again in Calcutta, India's biggest tea auction centre, which acts as a barometer for tea price trends all over the country.

At auctions there last week, prices advanced by Rs 1 to Rs 2 taking the average to Rs 32 per kilo.

Hitherto restrictions imposed on tea exports five weeks earlier with the aim of reducing domestic prices had been having the desired effect and auction quotes had slipped between Rs 5 and Rs 8 to Rs 29-Rs 30 by the end of September.

Latest trade assessments, however, see internal consumption rising to 438m-440m kilos this year. If they are right the supply position in the country will remain tight even if output reaches the forecast 640m kilos.

India plans to limit exports to 215m kilos but traders fear that high internal demand may limit the export figure to 200m.

Crop reports up to the end of August indicate an increase in output of a little over 50m kilos in the first eight months of 1984 to 389.4m kilos.

● At yesterday's London auction quality tea fell 10p to 350p a kilo but medium was up 7p to 325p and low-medium was unchanged at 280p.

Egypt and Australia in 10m tonne wheat deal

By Tony Walker in Cairo

AUSTRALIA and Egypt have concluded a wheat agreement under which Australia will supply 10m tonnes of wheat over the next five years.

In another agreement, the two sides signed a contract for wheat shipments totalling 2m tonnes in 1985, the same amount as this year.

Under this contract, the exact details of which have not been made public, Egypt is paying for next year's wheat shipments over three years at concessionary rates of interest.

Australia has also agreed to provide technical assistance to Egyptian flour-milling and storage workers and supply some storage and milling equipment.

Egypt is expected to import more than 6m tonnes of grain this year. About 2.4m tonnes will come from the U.S. in the form of commercial sales and shipments under the food assistance PL 480 programme. Canada will supply about 1m tonnes, and the rest will come from Europe, mostly from France.

Together with China, Egypt is Australia's most important wheat export market. The five-year agreement follows a three-year agreement which expires this year.

Australia will export about 16m tonnes of wheat this year and is expected to have about the same amount available for export next year.

● India is likely to export about 2m tonnes of wheat to the Soviet Union following a record harvest, the Statesman newspaper reported.

India's food grain production rose 19 per cent in 1983-84, ending March 31, to total 151.5m tonnes.

Andrew Gowers on discontent with the Milk Marketing Board

Dairymen stand up to Big Brother

YOU CAN almost hear the sabres rattling in Britain's dairy industry these days.

The trade, comprising companies ranging from small local co-operatives to large manufacturers and distributors such as Unigate and Express, is spoiling for a fight.

The cause of the discontent is the Milk Marketing Board, the huge statutory organisation representing dairy farmers in England and Wales and monopoly supplier of milk to the trade, whether for doorstep delivery or for processing into cheese, butter or other products.

The MMB handles some 13.6bn litres of milk a year, and in 1983-84 returned earnings of nearly £2bn to milk producers.

Creamery and dairy managers have long been unhappy at having to work opposite, and buy exclusively from, such a powerful producer. Their grievances have been coming to a head at an increasing rate since the late 1970s.

It is partly a question of consultation. At present, the Dairy Trade Federation (DTF) has no legal right to initiate changes in the Milk Marketing Scheme, under which the MMB has operated since 1933, nor any say in other matters which might affect its members, apart from the single issue of the milk price.

A number of key developments, both in the past few years and in the immediate future, have brought home to the dairy companies that they need more clout within the industry. Paradoxically, however, they believe that the balance of power has tilted further towards the board.

Recent changes cited by industry executives include:

● The prospect of heightened competition from abroad with the advent of UHT milk imports and the possibility that Britain may be forced one day to open its market even to pasteurised milk imports.

● The end, at the insistence of the Government under strong pressure from Brussels, of the MMB's former dual pricing system of milk for butter, which many people believe gave British manufacturers of packet butter a strong advantage over their foreign competitors.

● The arrival of EEC milk quotas. Among other effects, they have given the board another theoretical trump card to control the flow of milk.

● The imminent decontrol of liquid milk prices by the Government.

● The most far-reaching development, as far as the dairy trade is concerned, was the purchase by the MMB of 16 unprofitable butter and cheese-making creameries from Unigate in 1979 from which it formed Dairy Crest, its commercial arm.

Overnight, this transformed the organisation from a monopoly milk supplier which also undertook some processing into a major force in the industry.

Dairy Crest now handles more than one-third of all the milk produced in England and Wales.

In law, Dairy Crest is run at arm's length by the Milk Marketing Board, whose executives protest vigorously that it is an entirely separate entity.

However, its accounts are somewhat obscure and insufficient to dispel suspicions harboured by dairy companies that it in fact draws enormous benefits from close links with the board.

The independent dairies feel so strongly about the issue that they commissioned a study of Dairy Crest and the board by a well-known firm of auditors.

They note that the Board does not have to pay any tax, it has relatively easy access to capital (either by levying dairy farmers or using leasing arrangements), and most importantly they believe Dairy Crest is not obliged to make a profit on the same basis as the other commercial companies.

They regard its published profit figures with great scepticism, on the grounds that Dairy Crest may not have to pay as high a price for the milk it produces as do other companies.

This was a situation which the companies could tolerate as long as Dairy Crest was what they call a "residual manufacturer," a company whose creameries processed excess milk into so-called "sink products" such as butter and skimmed milk powder.

What has ruffled their feathers is the emergence of Dairy Crest as a competitor in their markets, especially those for higher value-added products.

"That is absolutely contrary to the intention of the original scheme and to the usual competitive process," fumed one indignant manager.

"We've got to the point where we really think we can't go on like this any more."

The dairy companies want more say for themselves and for the independent arbitrator who mediates between them and the board on prices.

If the gloves come off in this fight, it might even throw the whole controversial issue of Britain's unique milk marketing arrangements open to wider review—and under the ever-watchful eye of the European Commission.

EEC dismisses milk price forecast as premature

BY OUR BRUSSELS STAFF

REPORTS that European Commission officials will recommend a dairy price rise next year of 5 per cent—in spite of the continuing dairy surplus production in the European Community—were dismissed in Brussels yesterday as premature.

The annual price fixing process is only just beginning, with agriculture officials still involved in making the necessary calculations about present supply and demand, and proposals will be made to the Commission in January.

The report, published by Agra-Europe and normally well-informed agricultural newsletter, said that the 5 per cent price rise was "likely to be a major—and surprisingly—recommendation from the EEC Commission's farm price and income experts."

The report also suggested that they would propose a cut of 3 per cent in the support prices for both beef and cereals, a reduction in the case of cereals well short of the level indicated by present over-production.

"No figures have yet been put forward," a Commission official said last night. "These figures may represent what individual services would like to see, but nothing has been formalised. They are still preparing their analyses on the state of the market so it is very premature."

Russian sugar beet harvest 'too slow'

SOVIET COMMUNIST PARTY daily newspaper, Pravda, criticised sugar beet farms in the Ukraine, Belorussia and Kazakhstan for taking too long over this year's harvest.

It said harvest progress in these regions, the main beet producing areas, fluctuated widely from one area to the next with many farms "tolerating a slow harvest pace."

● MALAYSIA'S palm oil production is expected to increase to about 3.5m tonnes this year from 3m in 1983, Mr Paul Leong, Primary Industries Minister said.

● AUSTRALIA'S Council of Wool Buyers said slightly stronger demand bolstered by increased Soviet buying is expected at this week's wool auctions in Melbourne and Fremantle.

In its weekly market preview, the council said Soviet buyers are looking for average Merino fleeces of 1 per cent vegetable fault or less.

About 98,700 bales will be offered in Melbourne on Tuesday, Wednesday and Thursday, and Fremantle on Wednesday and Thursday.

● FLORIDA'S Department of Agriculture said a mite that kills immature honeybees has been found in the state, threatening its $13m (£10.7m) honey industry.

● INDIA will import a record 6m tonnes of fertiliser in the year ending March 31, 1985, up from 2.67m last year and a high of 5.1m in 1980/81, a government spokesman said.

● GHANA'S Cocoa Marketing Board said final purchases for the 1984 mid-crop totalled 5,216 tonnes, compared with 1,869 tonnes last year.

● U.S. roastings of green coffee in the week ended October 6 were about 375,000 (60-kilo) bags.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 15 1984	+ or −	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	$1050/1080	+10	$1080/1110
Copper			
Cash h Grade	£1040.25	−3.5	£1015.5
3 mths	£1063.75	+1	£1038.75
Cash Cathode	£1041.5	−1.5	£1013.5
3 mths	£1060.75	−6.25	£1031.5
Gold troy oz	$338.75	−3	$336
Lead Cash	£342.5	+4.75	£300.75
3 mths	£347.87	+4.25	£310.20
Nickel	£5333		£5555
Free Mkt	215/255c		211/232c
Palladium oz	$139.25	−1.25	$136.00
Platinum oz	$325.50	−3	$321.50
Quick Silver	$302/310		$300/310
Silver troy oz	594.30p	+15.8	567.40p
3 mths	609.90p	+14.4	582.20p
Tin cash	£9715	+172.5	£9757.5
3 mths	£9669	+174	£9077.5
Tungsten	$86.07		$87.85
Wolfram 22.04lb	$84/87		$82/84
Zinc	£627	+16	£607
3 mths	£612.5	+6.75	£603.75
Producers	$900		$940

	Oct. 15 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1280y	+15	$1970
Groundnut	$840	+25	‡
Linseed Crude	‡		‡
Palm Malayan	$640x	+5	$580
Seeds			
Copra Phil	$700w	−30	[illegible]
Soyabean (U.S.)	$257		$248.5
Grains			
Barley Fut. Jan.	£110.65	−0.15	£107.80
Maize	‡		‡
Wheat Fut. Jan.	£112.60		£106.35
No2 Hard Wint.	‡		‡
Other commodities			
Cocoa ship't*	£1951	−22	£2019
Futures Dec.	£1967.5	−22	£1951
Coffee Ft. Jan.	£2328	+45.5	£2342.5
Cotton A index	72.85c	+0.10	72.65c
Gas Oil Nov.	$235.75	−0.5	$245.25
Rubber (kilo)	60p		62.5p
Sugar (raw)	$123.5y	−5	$118.5
Wooltops 64s	467p kilo		485p kilo

‡ Unquoted. x Nov. w Nov-Dec. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.85-28.00	+0.08
Dubai Fateh	27.30-27.40	
Arab Heavy	26.70-26.95	−0.05
North Sea (Forties)	28.20-28.30	−0.04
North Sea (Brent)	28.20-28.50	−0.02
African (Bonny L't)	28.60-28.70	+0.02
Urals	28.15-28.25	−0.1
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	206-208	−1.0
Gas Oil	236-238	−2.5
Heavy fuel oil	166-168	—

GAS OIL FUTURES

The gas oil market moved higher during the morning on short-covering but a weak opening in New York put increasing pressure on London during the afternoon. Renewed short-covering before the close lifted prices off the lows, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Oct.	231.75	—	234.00-30.25
Nov.	226.75	−0.50	236.50-24.75
Dec.	238.60	+0.25	241.75-38.00
Jan.	239.60		242.00-38.50
Feb.	229.00	−0.50	238.75-35.25
March	232.50	+0.25	232.50
April	226.50	−1.50	228.50

Turnover: 4,660 (3,844) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3 an ounce from Friday's close in the London bullion market yesterday to finish at $338½-339. The metal opened at $339-339½ and traded between a high of $339½-339¾ and a low of $337¾-338¼. The weaker trend reflected the dollar's firmer trend.

In Paris the 12½-kilo bar was fixed at FFr 104,500 per kilo ($337.51 per ounce) in the afternoon compared with FFr 104,700 ($338.19) in the morning and FFr 103,500 ($337.36) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,235 per kilo ($338.95 per ounce) against DM 33,650 ($337.18) previously and closed at $338½-339 from $338-338½.

In Luxembourg the dollar per ounce equivalent of the 12½-kilo bar was $338.30 from $338.0.

In Zurich gold finished at $338½-339 from $340½-341½.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Oct.	—	—	—
Dec.	342.60-42.80	−2.55	343.60-42.80
Feb.	—	—	—
April	—	—	—
June	—	—	—
Aug	—	—	—

Turnover: 130 (184) lots of 100 troy ounces.

	Oct. 15		Oct. 12	
Gold Bullion (fine ounce)				
Close	$338½-339	(£280-280½)	$341½-342	(£278½-279¼)
Opening	$339-339½	(£278¾-279¼)	$337¼-337¾	(£275¼-276¼)
Morning fixing	$338.25	(£278.963)	$337.90	(£275.512)
Afternoon fixing	$338.00	(£278.998)	$338.90	(£276.910)

Gold and Platinum Coins Oct. 15

Krugrnd	$348¼-349¼	(£288¼-288¾)	King Sov	$81-82¼	(£67¼-68¼)
½ Krug	$180¼-181	(£149¼-149¾)	Victoria Sov	$81-82¼	(£67¼-68¼)
¼ Krug	$91¼-92¼	(£70-70½)	French 20s	$63¼-66¼	(£52½-54¼)
1/10 Krug	$37¼-38¼	(£31-31½)	50 Pesos Mex	$420¼-428	(£348-349½)
Mapleleaf	$348¼-349¼	(£288¼-289)	100 Cor Aust	$336-338	(£271½-276½)
New Sov	$79¼-80¼	(£66-66½)	$20 Eagles	$515-520	(£426¼-442¼)
½ New Sov	$48¼-49¼	(£40¼-41)	Noble (Plat.)	$334¼-335¼	(£277-280¼)

MEAT/FISH

Imported Produce: Oranges—Outspan: 8.20-9.20. Tangerines—Spania: Clausellinas 7.00-8.00. Lemons—Spania: 5 kg 2.00-2.50; 15 kg 6.00-8.00; Outspan: 15 kg 5.00-6.80; Uruguayan: 20 kg 6.50-7.00; Turkish: 6 kg 4.00-4.50; Italian: 15 kg box new crop 5.50; Cyprus: approx 9 kg 4.00-5.00. Grapefruit—Outspan: Marsh Seedless 27 5.16, 32 5.75, 36 6.26, 40 6.95, 48 6.70, 56 7.05, 64 6.90, 72 6.50. Odds 60p less. Uruguayan: 15 kg 7.20-7.60; U.S.: Ruby 10.00-10.50; Cuban: 4.40-4.80. Ruby 7.00-8.00; Dominican: 6.00-7.00; Jaffa: Yarden River 6.90-6.50. Apples—French: Golden Delicious, carton 5.20-6.00, Starkrimson carton 5.60-6.20, ½ carton 2.70-3.00, Granny Smith carton 6.50-8.00, carton 3.50-3.70. Pears—French: 13 kg William's 3.20-3.50; Spanish: William's 3.20-3.50; Italian: 16 kg William's 3.80-4.50. Nectarines—Italian: large trays 4.00-5.00; 1 kg punnet 0.50-0.55, standard tray 2.50-3.00. Plums—French: Gage 2.00-2.20; Italian: President 4.20-5.00; Spanish: 5 kg gages 2.20-2.50; Romanian: Blue 6 kg 3.00. Grapes—Italian: Italia 2.40-3.00, Wine grape 2.50-2.80; Spanish: 5 kg, Almeria 1.80-2.40. Napoleon 2.40-2.80. Italia 3.40-3.60. Melons—Spanish: large boxes, yellow 2.80-3.50, green 3.20-3.50; Dutch: Ogen 3.00-3.50; Israeli: Ogen 3.00-5.00. Strawberries—per punnet South African: 0.60-0.70. Fresh Figs—French: trays 4.50-5.50, Turkish: 5.00-5.50; dried Figs, Turkish, layer, x48 11.00-12.00. Pomegranates—Spanish 10 kg 4.00-4.60. Nuts—Brazils medium per lb 0.50, Filbert 0.50-0.52, Almond semi-sell 0.44-0.45, Walnut Chinese 0.38-0.40, Pecan U.S. 0.85.

BRITISH COMMODITY PRICES

BASE METALS

Base Metal Prices gained ground on the London Metal Exchange reflecting the decline in sterling against the dollar. Tin advanced £9.670, boosted by currency considerations, short-covering and support from the buffer stock, while Nickel rose to a record £4,020 before closing the afternoon kerb at £3,992.5. Aluminium touched £838.5 prior to ending the day at £835.75, helped by the stocks decline. Lead moved up to £348.5, boosted by a sizeable fall in warehouse stocks. Copper was restrained by the rise in LME stocks but the fall in sterling enabled forward metal to close on a steady note at £1,067.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1037-.5	+3.5	1040-.5	−0.5
3 months	1061-.2	+6.25	1062.5-4	+1.0
Settlem't	1037.5	+3.5	—	
Cathodes				
Cash	1036-9	+3.25	1041-2	−1.5
3 months	1058-9	+5.0	1060.5-1	−0.25
Settlem't	1039	+3.0	—	

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,061.5, 60, cash £1,038.5, 37, three months £1,060, 62.5, 60, 60.5, 61, 61. Cathodes: Cash £1,038, 39. Kerb: Higher Grade: Three months £1,061, 61.5, 62. Afternoon: Higher Grade: Three months £1,062.5, 62, £1,063, 63. Kerb: Higher Grade: Three months £1,063, 64, 65, 65.5, 65, 66, 66.5, 67.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	9775-85	+185	9770-80	+182
3 months	9665-70	+140	9695-9700	+172
Settlem't	9725	+186	—	
Standard				
Cash	9710-20	+100	9710-20	+172
3 months	9640-1	+158	9668-70	+174
Settlem't	9720	+155	—	
Straits E	$28.10			

Tin — Morning: Standard: Three months £9,600, 10, 15, 20, 30, 31, 30, cash £9,720, three months £9,640, 45, 50, 45, 40, 35, 40. High Grade: Cash £9,780. Kerb: Standard: Three months £9,650. Afternoon: Standard: Three months £9,670, cash £9,715, three months £9,675, 72, 70, 68. Kerb: Standard: Three months £9,680.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	340-.5	+3.6	342-3	+4.75
3 months	344.5-5.5	+3.75	347.75-8	+4.25
Settlem't	340	+3.5		

Lead—Morning: Three months £345.5, £345. Kerb: Three months £345. Afternoon: Three months £346, 45.5, £346, 47, 47.5, 47.75, 48. Kerb: Three months £347, 47.5, 48.5.

Turnover: 11,950 tonnes. U.S. spot: 22.0-26.0 cents per pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	625-.5	+11.7	626-8	+10
3 months	618.5-9	+6.5	621-2	+8.75
Settlem't	626.0	+12.5	—	

Zinc—High Grade official/unofficial prices: Cash am 680-690 pm 690-700. Three months am 670-88 pm 685-8 settlement 690.

Zinc—Morning: Three months £618, 18, £619, 19. Kerb: Three months £619, 18. Afternoon: Three months £619, £620, 21, 22, 21.5. Kerb: Three months £622, 21.5, 31.

Turnover: 9,575 tonnes. U.S. Prime Western: 45.0-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	813.5-14.5	+14.5	812-3	+10.8
3 months	836-.5	+14.5	834.5-5	+1.25

Aluminium—Morning: Three months £833, 34, 35, 35.5, cash £814.5, three months £836, 37, 38, 37.5, 37, 35.5, 30. Kerb: Three months £837, 38, 38.5. Afternoon: Three months £835, 34.5, 34, £835, 35.5, 36. Kerb: Three months £836, 35.5, 36, 35.5.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3925-30	+71	3920-5	+65.5
3 months	4005-10	+77.5	3995-4000	+61.5

Nickel—Morning: Three months £4,010, 15, 20, 12, 11. Kerb: Three months £4,015, 05. Afternoon: Three months £4,010, 05, £3,995, 20, three months £4,005, 02, 4000. Kerb: Three months £4,000.

Turnover: 1,716 tonnes.

SILVER

Silver was fixed 14p an ounce higher for spot delivery in the London bullion market yesterday at 594.3p. U.S. cent equivalents of the fixing levels were: spot 721.5c, up 9.9c; three-month 740.5c, up 9.9c; six-month 760.4c, up 8.5c; and 12-month 803.4c, up 8.1c. The metal opened at 594-597p (722-725c) and closed at 595-598p (719-722c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	594.30p	+14.0	590p	+10.0
3 months	609.80p	+14.4	616.5p	+8.55
6 months	629.30p	+14.0	—	
12 months	663.90p	+14.2	—	

LME — (2,000 oz contract): Cash 595p (594.5p): three months 610.5p (608.95p). Turnover: 0 (0).

Turnover: 74 (80) lots of 10,000 ozs. Morning: Large 2nd ring cash 596, three months 611.5. Kerb: large three months 611.5. Afternoon: untraded.

COCOA

Although a little steadier on the opening futures eased sharply during the afternoon to close at the lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Oct	1800-9200	—	—
Dec	1870-1871	−29.0	1906-1867
March	1844-1845	−31.5	1885-1839
May	1854-1860	−31.5	1884-1854
July	1857-1859	−10.5	1880-1857
Sept	1866-1864	−16.0	1870-1864
Dec	1845-1847	−17.0	1854-1846
Mar	1800-1875	−20.0	—

Sales: 2,944 (3,044) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Oct 15: 100.02 (102.78): five-day average for Oct 16: 102.27 (102.79).

COFFEE

A steadier New York close and continued dollar strength prompted a firm opening, reports Drexel Burnham Lambert. Further short-covering in near November again influenced a sharp rise. However the advance in other contracts was dampened by scale-up commission house selling. Additional gains were registered during the afternoon as previous resistance levels were penetrated by trade buying.

COFFEE	Yesterd'ys Close	+ or −	Business Done
Nov	2477-78	+11.0	2485-40
January	2328-30	+45.5	2340-00
March	2250-52	+27.5	2245-20
May	2202-04	+22.0	2220-95
July	2188-92	+27.0	2194-82
Sept	2179-85	+22.0	2194-78
Nov	2173-78	+26.5	2131-68

Sales: 3,665 (2,385) lots of 10 tonnes.

ICO indicator prices (U.S. cents per pound) for October 12: Comp. daily 1979 135.84 (135.31); 15-day average 138.32 (136.57).

GRAINS

The markets remained very quiet in a narrow range with switch trading prominent, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterd's close	+ or −
Nov	106.85	−0.12	107.15	+0.05
Jan	110.60	—	110.65	−0.15
Mar	113.65	−0.10	113.60	—
May	117.00	−0.25	116.20	+0.05
July	118.80	−0.15	—	
Sept	98.25	—	97.50	+0.15

Business done—Wheat: Nov 106.85-6.50, Jan 110.60-10.50, March 113.65 only, May 117.25-7.00, July and Sept untraded. Sales 125 lots of 100 tonnes. Barley: Nov 107.15 only, Jan 110.65 only, March 113.55 only, May untraded, Sept 97.50 only. Sales 57 lots of 100 tonnes.

LONDON GRAINS—Wheat: CWRS No. 1 13½ per cent ex-origin transhipment Oct 165.50. U.S. dark northern spring No. 1 15 per cent Nov 158, half Nov/half Dec 157.25, Dec 158, Jan 162.50, Feb 164.50 transhipment East Coast. U.S. No. 2 soft red winter Nov 142.50, Dec 143.25, Jan 144.75, Feb 145, March 145.75. English feed fob April/June 118.25. Barley: English feed fob Nov 116.00 seller Peterhead. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 102.20, Scotland 100.50. The UK monetary coefficient for the week beginning Monday, October 22 (based on HGCA calculations using four days' exchange rates), is expected to remain unchanged.

PIGMEAT

Futures prices came under pressure due to the fall in physical prices on Friday and commission house selling during the morning. However, good support emerged at the lower levels, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	126.60	127.30	127.10-26.20
Feb	120.20	121.00	120.50-20.40
April	118.70	119.10	119.40-18.80
June	117.00	117.10	
Aug	115.20	112.40	115.20
Oct	117.00	117.50	

Sales: 156 (131) lots of 50 carcases 3,250 kg.

POTATOES

All positions opened lower in line with the physical market. Support at £74.00 basis April, was again evident and good buying interest from one quarter lifted prices, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	54.70	54.60	55.00-56.5
Feb	64.00	63.50	64.50-64.00
April	76.30	75.50	76.50-74.00
May	88.50	81.70	82.50-18.00
Nov	75.00	76.50	76.00-75.00

Sales: 526 (555) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened unchanged, attracted little interest throughout the day and closed dull, reported Lewis and Peat. Closing prices (buyers): Spot 60.00p (same). Nov 73.00p (same). Dec 73.25p (73.00p). The Kuala Lumpur Nov fob price for RSS No. 1 was 205.5 (207.75) cents a kg and for SMR 20 was 186.5 (189.5).

FUTURES—Close (buyer, seller, business). RSS No 1. £ per tonne. Nov 590, 600; Oct 600, 610; Jan 610, 620; Feb 620, 630; March 630, 640; April 640, 650; May 650, 660; June 660, 670; July 670, 680; 1985 Jan/March 620, 630 (all untraded); 1985 April/June 650, 660, 650; 1985 July/Sept 680, 690, untraded. Sales: 0 (0) lots 1 5 tonnes, 5 (5) lots of 15 tonnes.

SOYABEAN MEAL

The market opened £1 higher in quiet conditions, reports T. G. Roddick. During the afternoon commission house buying against little selling interest pushed prices higher.

	Yestday's close	+ or −	Business Done
	£ per tonne		
October			
Dec	148.20-48.40	+2.95	148.20-46.50
Feb	144.00-44.70	+1.80	144.50-43.50
Apr	147.40-47.50	+1.35	147.50-46.00
June	147.50-48.50	+3.25	148.00
August	150.50-52.00	+1.00	—
October	152.00-55.00	+4.00	—

Sales: 96 (39) lots of 20 tonnes, 68 (162) lots of 100 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $123.50 (£102.00), down $5.00 (down 3.00), a tonne for Oct-Nov delivery. White sugar $174.50, down $2.50.

No. 0 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	142.50-42.80	143.00-44.00	145.00-41.50
Mar	150.00-50.50	153.50-50.50	155.00-49.50
May	156.20-56.40	158.20-55.60	156.40-55.60
Aug	175.40-76.80	179.00-76.40	175.20-74.20
Oct	185.40-84.00	184.20-85.00	184.00-82.50
Dec	190.00-91.50	191.00-94.00	190.20
Mar	206.00-07.00	207.00-08.00	—

Sales: No. 6 1,766 (3,141) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £207.00 (£210.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for October 12: Daily price 4.72 (4.77); 15-day average 4.44.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 20 tonnes. Activity was on a restricted scale, and operations were only tentative. A scrappy demand came forward in certain African styles, while Middle Eastern speciality types were in modest request. Users seemed reluctant to purchase extensive quantities for the time being.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 567.5, 570.0, 570.0-568.0; Dec 566.0, 568.0, 567.5; March 580.0, 581.5, untraded; May 584.5, 585.0, 585.0; July 590.0, 595.0, 590.0; Oct 581.0, 586.0, u/t; Dec 585.0, 590.0, 586.50 March 592.0, 600.00, u/t. Sales: 29.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 511, 515, 512; Jan 514, 517, 515-512; March 520, 523, 524-521; May 529, 530, 530-527; Aug 541, 542, 543-539; Oct 544, 546, 545-542; Dec 546, 546, 545-542; Jan 546, 548, 546-54; March 552, 556, 555-5. Sales: 153.

TEA AUCTION

LONDON TEA AUCTION—26,968 packages were on offer, including 400 packages in the offshore section. The larger weight of Assams on offer was quite well supported but apart from selected best, which held values, the majority were generally 10-15p easier. Colour Bangladesh teas ruled firm but others lost ground, with plainer types neglected. Selected bright liquoring East Africans remained steady but mediums were irregular and sometimes 5p lower. Central African CTCs were a firm feature apart from plainest sorts which eased. Quality Ceylons sold well but plainer sorts tended lower. Quotations: Quality 350p a kg (360p), medium 325p a kg (318p), low medium 280p a kg (280p).

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.43p per kg lw (+0.09). GB—Sheep 161.86p per kg est dcw (−2.11). GB—Pigs 92.20p per kg lw (−0.52).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 77.0 to 83.0; Ulster hindquarters 66.0 to 60.0, forequarters 54.0 to 57.0; Eire hindquarters 69.0 to 81.0. Veal: Dutch hinds and ends 125.0 to 130.0. Lamb: English small 66.0 to 72.0, medium 56.0 to 68.0, heavy 64.0 to 66.0; Scotch medium 64.0 to 66.5, heavy 63.0 to 65.0; Imported: New Zealand PL 67.04 to 68.0, PX 62.0 to 62.5, YL 64.5 to 65.5. Pork: English under 100 lb 55.0 to 65.0, 100-120 lb 58.5 to 63.5, 120-160 lb 50.0 to 58.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce: Apples—Per pound, Cox's 0.14-0.22, Bramley 0.10-0.12, Russets 0.17-0.22, Worcester Pearmain 0.12-0.18, Spartan 0.12-0.16, Charles Ross 0.12-0.15. Pears—Per pound, Conference 0.10-0.16, Comice 0.16-0.20. Plums—12 lb, Wyedale 2.00-2.20. Raspberries—½ lb 0.40-0.50. Strawberries—½ lb 0.40-0.60. Potatoes—Per bag 56 lb, whites 2.30-2.50, King Edwards 3.00-3.20, Bintje 5.00-5.50. Mushrooms—Per pound, open 0.50-0.60, closed 0.70-0.80. Lettuce—Per tray round 1.00-1.20, Cos dozen 1.40-1.50; Webb's 1.60-1.80; Iceberg 12s 6.50-7.00, 15s 9.00. Carrots—28 lb 1.00-1.60. Greens—Primo 1.20-1.40; Crates, green 2.50-2.80; January King 1.40-1.50. Tomatoes—Tray 12 lb 2.20-2.40. Cucumbers—Tray 3.00-3.60. Cauliflowers—Dozen, Lincs 2.60-3.50; Kent 3.20-3.60. Spring Onions—Bunch 0.10-0.11. Radishes—Bunched 0.12-0.14. Celery—Prepack 0.00-3.20; loose 1.60-2.20. Watercress—Ice pack 20s 0.40-3.50. Salad—Crisps 16s 1.00-1.10. Courgettes—Per pound 0.35-0.40. Beetroot—Bags 28 lb 1.50-1.60. Onions—55 lb bag 2.50-3.20. Capsicums—Per pound 0.30-0.35. Sprouts—Per pound 0.15-0.20. Corn on the Cob—Each 0.10-0.14. Fennel—Tray 10 lb 3.00-3.50. Leeks—Per pound 0.20-0.22. Swedes—28 lb 1.40-1.50. Parsnips—28 lb 2.40-2.60. Turnips—28 lb 2.50-3.00. Cobnuts—Per pound 0.60. Calabrese—Per pound 0.55-0.60. Pumpkin—Per pound 0.08-0.10.

INDICES

FINANCIAL TIMES

Oct. 12	Oct. 11	M'th ago	Year ago
290.21	289.17	282.16	290.10

(Base: July 1 1952 = 100)

REUTERS

Oct. 15	Oct. 12	M'th ago	Year ago
1886.1	1885.0	1854.0	1902.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 10	Oct. 9	Month ago	Year ago
Spot	128.27	126.04	128.05	140.27
Fut	126.00	124.52	127.14	147.15

(Base: December 31 1974 = 100)

MOODY'S

Oct. 10	Oct 9	M'th ago	Year ago
957.2	950.2	993.2	1051.6

(Base: December 31 1931 = 100)

AMERICAN MARKETS

NEW YORK, October 15

Gold and silver were slightly lower with early losses being pared by the ½ per centage point cut in the U.S. prime rate, reports Heinold Commodities. Copper showed modest losses on selling linked to a build-up in London Metal Exchange stocks. Aluminium firmed on reports of better cash interest. Sugar rallied on good commission house buying on the movement of cooler weather into Soviet beet areas and disappointing yields in Europe. Cocoa was weak on active producer selling which touched off long liquidation. Coffee was firm on tightness in robusta supplies. Fears that recent rains in the Delta will affect quality and yields firmed cotton values. Heating oil drifted lower as warm weather continued along the east coast and margin call liquidation put additional pressure on prices. Soyabeans and grains rallied after a steady opening but ran into profit-taking late in the day; soyabeans still managed to close with moderate gains while maize and wheat finished lower after heavy local selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	44.60	—	—	44.60
Dec	45.60	45.70	44.90	45.40
Jan	46.10	45.75	45.75	45.90
March	47.15	47.25	46.60	46.95
May	48.20	47.80	47.80	48.00
July	49.25	—	—	49.05
Sept	50.30	—	—	50.10
Dec	51.90	—	—	51.70
Jan	52.45	—	—	52.25
March	53.55	—	—	53.35

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2173	2193	2157	2230
March	2126	2153	2125	2184
May	2146	2163	2145	2198
July	2150	2150	2150	2203
Sept	2157	—	—	2210
Dec	2164	—	—	2218

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	136.27	36.70	34.90	35.50
March	134.88	35.35	33.75	34.25
May	133.66	34.25	33.60	33.06
July	132.70	32.86	32.70	32.21
Sept	131.35	31.50	30.50	31.01
Dec	130.31	30.50	30.00	29.93
March	128.25	—	—	28.51

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	55.85	—	—	56.30
Nov	56.10	—	—	56.55
Dec	56.75	56.80	56.15	57.20
Jan	57.40	57.00	57.00	57.50
March	58.60	58.75	58.00	59.05
May	59.75	59.85	59.15	60.20
July	60.90	61.00	60.60	61.35
Sept	62.05	61.70	61.70	62.50
Dec	63.80	63.70	63.50	64.25
Jan	64.35	—	—	64.80

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.75	66.00	65.70	66.63
March	68.65	68.70	67.50	67.42
May	69.53	69.53	68.00	68.75
July	70.60	70.50	69.88	69.90
Oct	69.90	70.00	69.80	69.80
Dec	70.00	70.00	69.90	69.90
March	70.80	—	—	70.70

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	28.83	29.12	28.82	29.06
Dec	28.95	29.28	28.82	29.22
Jan	28.96	28.29	28.93	29.24
Feb	28.85	29.22	28.86	29.16
March	28.80	29.08	28.80	29.12
April	28.75	28.07	28.75	29.07
May	28.70	28.79	28.79	28.98
June	28.65	—	—	28.95
July	28.85	28.85	28.86	28.95
August	—	—	—	28.89

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	340.9	340.7	337.5	341.7
Dec	345.2	345.8	342.3	346.3
Feb	351.0	352.0	348.5	352.5
April	357.5	357.3	354.0	358.0
June	364.0	362.0	361.0	365.1
August	370.5	—	—	371.6
Oct	377.9	374.5	374.5	378.7
Dec	384.2	384.6	382.0	386.0
Feb	392.6	—	—	393.7
April	400.3	—	—	401.4
June	408.7	—	—	409.2
August	417.3	—	—	418.4

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	77.90	79.00	77.70	79.49
Dec	79.29	80.35	78.85	78.75
Jan	80.36	81.50	80.04	80.97
Feb	79.95	81.05	79.70	80.58
March	77.40	77.50	77.05	77.50
April	75.20	75.60	75.20	75.25
May	74.15	—	—	74.85
June	—	—	—	74.55

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	166.98	67.75	66.00	70.95
Jan	168.30	70.70	68.50	72.85
March	169.65	70.00	68.75	73.00
Sept	167.75	68.00	67.00	71.00
Nov	166.45	66.00	66.00	72.25
Jan	168.00	—	—	70.50
March	168.00	—	—	70.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	325.4	325.0	323.0	328.6
Dec	328.0	—	—	330.0
Jan	333.3	334.6	330.0	336.5
April	341.2	342.0	339.0	343.5
July	349.4	—	—	351.7
Oct	357.8	—	—	360.1
Jan	366.8	—	—	369.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	731.0	724.0	721.0	733.2
Nov	734.7	—	—	737.2
Dec	741.6	749.0	726.5	743.5
Jan	747.7	—	—	750.2
March	761.4	769.6	747.0	763.9
May	775.4	780.0	764.5	777.8
July	789.0	793.6	776.5	792.1
Sept	804.8	808.0	796.6	807.3
Dec	829.2	834.6	820.0	831.7
Jan	837.5	—	—	840.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.61	5.60	5.30	5.31
March	6.18	6.20	5.83	5.88
May	6.40	6.50	6.16	6.20
July	6.75	6.75	6.47	6.50
Sept	7.00	7.02	7.00	6.77
Oct	7.23	7.24	6.98	7.02
Jan	7.50	7.56	7.40	7.40
March	8.24	8.02	8.00	8.01

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.45	62.75	62.40	62.62
Dec	64.82	64.97	64.57	64.72
Feb	65.35	65.52	65.12	65.27
April	66.37	66.52	66.00	66.15
June	66.80	66.85	66.40	66.55
August	64.70	64.72	64.55	64.65
Oct	63.10	63.12	63.00	63.10

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	44.95	45.15	44.85	45.20
Dec	47.20	47.70	47.25	47.72
Feb	49.30	49.60	49.25	49.57
April	46.27	46.52	46.25	46.47
June	49.62	49.75	49.45	49.60
July	50.52	50.60	50.35	50.57
August	48.40	48.70	48.40	48.45
Oct	46.10	46.50	46.10	46.40
Dec	46.80	46.80	46.70	46.75

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	281.0	283.0	280.2	283.6
March	286.6	290.4	286.4	289.0
May	291.4	295.6	291.2	294.6
July	293.6	288.4	293.0	296.4
Sept	288.0	292.0	288.0	289.4
Dec	286.4	289.4	286.0	286.4
March	283.0	—	—	293.0

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	632.6	635.0	624.0	626.6
Jan	642.2	644.4	636.4	635.9
March	655.4	658.4	648.0	649.2
May	666.0	670.4	662.4	661.2
July	674.0	675.0	667.4	667.6
Sept	661.0	663.4	651.0	657.4
Nov	659.6	662.0	656.4	655.2
Jan	672.4	—	—	668.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	152.6	152.9	151.0	150.8
Dec	157.9	158.4	155.8	156.4
Jan	161.1	161.4	158.0	159.4
March	166.0	167.1	164.9	165.3
May	171.8	172.0	170.5	170.5
July	176.2	177.0	175.0	175.5
August	175.2	177.6	175.0	175.0
Sept	176.0	176.0	175.2	173.8
Oct	176.0	175.0	176.6	174.2
Dec	176.0	178.0	175.0	174.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	29.25	29.30	28.75	28.67
Dec	26.52	26.68	26.48	26.43
Jan	26.30	26.30	25.80	25.90
March	25.75	25.88	25.48	25.43
May	25.56	25.65	25.10	25.15
July	25.26	25.35	25.20	24.96
August	25.08	25.70	25.00	24.60
Sept	24.63	24.90	24.20	24.05
Oct	24.40	24.80	24.30	23.85
Dec	24.20	24.40	24.20	23.55

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	346.4	349.4	346.2	347.6
March	354.2	356.0	365.6	355.0
May	352.4	354.2	352.2	353.2
July	339.2	340.2	338.2	340.0
Sept	344.2	346.0	344.2	345.0
Dec	357.0	—	—	358.4

SPOT PRICES—Chicago loose lard 32.00 (same) cents per pound. Handy and Harman silver bullion 723.6 (726.5) cents per troy ounce. New York tin 537.0-49.0 (536.0-49.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at record highs

The dollar moved to record closing high against several major currencies yesterday in a manner showing a strict contrast to the disorderly surge experienced last month when the dollar's rapid rise to record trading levels prompted aggressive central bank intervention. Trading yesterday was much more civilised and tended to reflect the dollar's underlying strength.

Demand for the U.S. unit followed Friday's U.S. economic statistics which showed a fall in wholesale prices, indicating reduced inflationary pressure, and a rise in U.S. retail sales which suggested further economic growth. This most favourable combination and the steady manner in which the dollar reached record closing levels, reduced market fears of further central bank intervention. Given the dollar's strong fundamental base, the use of central bank reserves seemed only likely to act as a brake rather than a steering wheel.

The dollar rose to an 11¼ year closing high against the D-mark at DM 3.1410 from DM 3.1060. Last month it touched a trading level of DM 3.1765 but finished below DM 3.10 at the close that day. Elsewhere it rose to SwFr 2.5775 from SwFr 2.5540, its best closing level for 7½ years and Y249.0 from Y247.70, its best closing level since December 1982. It finished at a record close of FFr 9.6325 from FFr 9.5200 and L1,934 compared with L1,914½. On Bank of England figures, the dollar's index finished at its best level ever of 144.32 from 143.04 on Friday. News of a fall in some U.S. prime rates to 12¾ per cent appeared to have little effect.

STERLING—Trading range against the dollar in 1984 is 1.4905 to 1.2085. September average 1.2593. Trade weighted index 75.9 from 79.9 six months ago.

Sterling lost ground on news of a reduction in oil prices by the Norwegian state owned oil company. Previously prices had been based on BNOC tariffs. This combined with the dollar's improvement to push sterling's index to 75.9, its lowest level since 1976. Against the dollar it touched an all time trading low of $1.2060 before closing at a record closing low of $1.2085 from $1.2265 on Friday. Against the D-mark it fell to DM 3.7925 from DM 3.8175 and SwFr 3.1125 compared with SwFr 3.1325. It was also lower against the yen at Y300.75 from Y303.75 and FFr 11.53 from FFr 11.6750.

D-MARK—Trading range against the dollar in 1984 is 3.1410 against 2.5535. September average 3.0235. Trade weighted index 119.8 against 127.0 six months ago.

The dollar was fixed at DM 3.1379 against the D-mark at yesterday's fixing in Frankfurt, up from DM 3.1066 on Friday. The Bundesbank sold $13.45m at the fixing but there was little indication of any intervention outside the fixing.

After early short covering pushed the dollar firmer, it retreated from the morning's highs of profit taking. The absence of aggressive central bank intervention was significant in that it underlined the dollar's appreciation as a trend reflecting recent economic statistics rather than a disorderly and speculative rush into dollars. Against this background the D-mark was firmer with sterling slipping to DM 3.8000 from DM 3.8110. The Swiss franc was firmer however at DM 1.2196 from DM 1.2184. Within the EMS the French franc improved to DM 32.625 from DM 32.610 per FFr 100.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2419	+0.76	+0.73	±1.5428
Danish Krone ...	8.14104	8.08602	−0.68	−0.71	±1.6421
German D-Mark	2.24184	2.24033	−0.07	−0.10	±1.1463
French Franc ...	6.87456	6.86874	−0.07	−0.10	±1.3659
Dutch Guilder ...	2.52595	2.52532	−0.02	−0.05	±1.5165
Irish Punt ...	0.72569	0.720938	−0.65	−0.68	±1.6671
Italian Lira	1403.49	1379.48	−1.71	−1.71	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct 15	Previous
8.30 am	—	—
9.00 am	76.3	76.3
10.00 am	76.2	76.4
11.00 am	76.2	76.4
Noon	76.1	76.4
1.00 pm	76.0	76.5
2.00 pm	75.9	76.6
3.00 pm	75.9	76.6
4.00 pm	75.9	76.6

New York rates

	Oct. 15	Prev. close
£ Spot	$1.2105-1.2110	$1.2255-1.2265
1 month	par-0.02 dis	par-0.03 dis
3 months	0.10-0.22 dis	0.08-0.23 dis
12 months	1.43-1.53 dis	1.60-1.60 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Oct 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2060-1.2270	1.2080-1.2090	0.01c pm-0.02 dis	−0.05	0.10-0.22 dis	−0.53
Canada	1.5960-1.6050	1.5980-1.6000	0.14-0.26 dis	−1.28	0.63-0.75 dis	−1.58
Nethlnd.	4.27-4.31	4.27½-4.29½	1¼-1⅛c pm	4.91	4⅛-4⅝ pm	4.03
Belgium	76.50-77.10	76.70-76.75	3-par dis	−0.23	1-10 dis	−0.29
Denmark	13.69-13.78	13.70¼-13.71¼	¼-1ore dis	−1.15	4¼-6¼ dis	−1.53
Ireland	1.2180-1.2300	1.2220-1.2230	0.21-0.29p dis	−2.36	0.71-0.85 dis	−2.62
W. Ger.	3.78½-3.82½	3.79½-3.79¾	1¼-1½pf pm	0.14	4¼-4⅞ pm	4.48
Portugal	187.50-189.50	187.80-188.20	170-615c dis	−20.71	550-1595 dis	−21.41
Spain	210.8-212.25	211.3-211.8	40-70c dis	−3.12	165-210 dis	−3.45
Italy	2,335-2,365	2,336-2,338	9-12 lire dis	−3.39	30-33 dis	−2.70
Norway	10.89-10.93	10.87½-10.88½	1½-2⅛ore dis	−2.41	6¼-7⅞ dis	−2.53
France	11.62-11.70	11.62½-11.63½	par-⅛c dis	−0.33	2¼-3⅛ dis	−0.78
Sweden	10.62-10.66	10.62½-10.63½	2¾-2ore dis	−2.86	5¾-6⅛ dis	−2.35
Japan	300-302	300½-301½	1¼-1¼y pm	4.98	3½-3 pm	4.13
Austria	26.60-26.85	26.70-26.75	8¾-6gro pm	3.37	21¼-16½ pm	3.02
Switz.	3.11-3.14	3.10¾-3.11¾	1¼-1½c pm	5.78	4¾-4¼ pm	5.46

Belgian rate is for convertible francs. Financial franc 77.50-77.60. Six-month forward dollar 0.57-0.62c dis, 12-month 1.40-1.55c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2060-1.2270	1.2080-1.2090	0.01c pm-0.02 dis	−0.05	0.10-0.22 dis	−0.53
Ireland†	0.9889-0.9910	0.9905-0.9915	0.19-0.15c pm	2.06	0.50-0.42 pm	1.86
Canada	1.3204-1.3265	1.3240-1.3245	0.15-0.17c dis	−1.45	0.33-0.37 dis	−1.06
Nethlnd.	3.5370-3.5405	3.5395-3.5405	1.46-1.41c pm	4.84	4.21-4.16 pm	4.73
Belgium	63.35-63.60	63.40-63.50	par-3c dis	−0.19	4-4 pm	0.03
Denmark	11.32½-11.34½	11.33½-11.34½	0.18-0.25 pm	0.30	5-1 pm	0.09
W. Ger.	3.1325-3.1460	3.1405-3.1410	1.41-1.36pf pm	5.30	4.00-3.95 pm	5.07
Portugal	155¼-156¼	155¼-155¾	150-500c dis	−20.08	400-1150 dis	−19.97
Spain	174.00-175.20	175.10-175.20	35-45c dis	−2.74	100-125 dis	−2.57
Italy	1,932-1,936½	1,933½-1,934½	9.20-9.70 dis	−5.24	22.25-23.00 dis	−4.70
Norway	8.99½-9.00½	9.00¼-9.00¾	1.70-2.20ore dis	−2.60	4.30-4.70 dis	−1.98
France	9.61½-9.64½	9.62½-9.63½	0.20-0.35c dis	−0.34	0.90-1.20 dis	−0.42
Sweden	8.79½-8.80½	8.79½-8.80½	1.86-2.20ore dis	−2.57	4.35-4.75 dis	−2.07
Japan	248.70-249.30	248.95-249.05	1.05-1.02y pm	5.01	3.00-2.95 pm	4.76
Austria	22.05-22.10	22.08-22.10	7.40-6.90gro pm	3.84	20.0-18.0 pm	3.45
Switz.	2.5560-2.5785	2.5770-2.5780	1.32-1.28c pm	6.01	3.55-3.50 pm	5.48

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.10-64.20.

OTHER CURRENCIES

Oct. 15	£	$		£ Note Rates
Argentina Peso	152.52-152.76	101.59-101.48	Austria	26.55-26.85
Australia Dollar	1.4555-1.4578	1.2055-1.2065	Belgium	77.30-78.20
Brazil Cruzeiro	2,945.11-2,962.87	2,437.5-2,449	Denmark	13.66-13.80
Finland Markka	7.7074-7.8160	6.4070-6.4660	France	11.59-11.71
Greek Drachma	150.15-150.65	127.50-128.10	Germany	3.76-3.80
Hong Kong Dollar	9.4500-9.4710	7.8290-7.8315	Italy	2330-2355
Iran Rial	113.70*	92.90*	Japan	301-304
Kuwait Dinar (KD)	0.36380-0.36480	0.30180-0.30110	Netherlands	4.30¼-4.30¾
Luxembourg Fr.	76.70-76.75	63.40-63.50	Norway	10.83-10.94
Malaysia Dollar	2.9000-2.9140	2.4000-2.4100	Portugal	186-203
New Zealand Dlr.	2.4965-2.5015	2.0675-2.0705	Spain	207½-216½
Saudi Arab. Riyal	4.3010-4.3060	3.5605-3.5615	Sweden	10.60-10.71
Singapore Dollar	2.6230-2.6310	2.1705-2.1720	Switzerland	3.10-3.13
Sth African Rand	2.1391-2.1405	1.7705-1.7750	United States	1.20-1.22
U.A.E. Dirham	4.4355-4.4410	3.6730-3.6750	Yugoslavia	260-301

* Selling rate.

CURRENCY MOVEMENTS

Oct 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.9	−14.0
U.S. dollar	144.2	+30.9
Canadian dollar	90.4	−3.5
Austrian schilling	109.7	+5.0
Belgian franc	87.6	−9.9
Danish Kroner	76.4	−9.6
Deutsche mark	119.8	+3.4
Swiss franc	140.0	+9.0
Guilder	110.1	+2.9
French franc	63.4	−16.8
Lira	46.5	−14.3
Yen	156.4	+11.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.813270	0.590663
U.S. $	9	0.986008	0.715159
Canadian $	11.38	—	0.948145
Austria Sch.	4½	21.7506	15.7440
Belgian Fr.	11	66.6320	45.2418
Danish Kr.	7	11.1739	8.08602
D'mark	4½	3.09399	2.24033
Guilder	5	3.49047	2.52532
French Fr.	9½	9.49598	6.86074
Lira	16½	1907.57	1379.48
Yen	5	245.025	177.607
Norwgn Kr.	8	8.87013	6.41084
Spanish Pta.	—	176.350	124.630
Swedish Kr.	8½	8.67450	6.27443
Swiss Fr.	4	2.53769	1.83742
Greek Dr'ch	20½	126.948	91.2113
Irish Punt	—	0.996471	0.720938

*CS/SDR rate for Oct 11: 1.30345

EXCHANGE CROSS RATES

Oct. 15	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.209	3.793	300.8	11.53	3.113	4.278	2337.	1.600	76.73
U.S. Dollar	0.827	1.	3.141	249.0	9.535	2.575	3.540	1934.	1.324	63.45
Deutschemark	0.264	0.318	1.	79.30	3.040	0.821	1.128	616.3	0.422	20.23
Japanese Yen 1,000	3.325	4.016	12.61	1000.	38.34	10.35	14.66	7771.	5.316	255.1
French Franc 10	0.867	1.046	3.289	260.8	10.	2.699	3.710	2027.	1.387	66.54
Swiss Franc	0.321	0.388	1.218	96.65	3.704	1.	1.374	750.8	0.514	24.65
Dutch Guilder	0.234	0.283	0.887	70.31	2.695	0.728	1.	546.3	0.374	17.94
Italian Lira 1,000	0.428	0.517	1.623	128.7	4.934	1.332	1.830	1000.	0.684	32.83
Canadian Dollar	0.625	0.755	2.371	188.0	7.209	1.946	2.674	1461.	1.	47.97
Belgian Franc 100	1.303	1.575	4.943	392.0	15.03	4.057	5.575	3046.	2.085	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅞-11	9⅞-10	11½-10¼	6⅞-6	2½-6⅜	5⅛-5	10⅞-11	10½-10½	10½-11¼	10⅞ 11⅛	0⅞ 0⅛	11¼-11¾
7 days' notice	10¾-10⅞	10⅛-10⅛	11½-16	5⅞-6	2-6¼	5⅛ 5⅛	10⅞-11	15½-15½	10¼-11	10⅞-11⅛	3½-5⅛	11½-10
Month	10¼-10¼	10⅛-10⅛	11¾-11⅞	6-6⅛	4⅞-5	5⅜ 5⅛	11-11⅛	10⅜-15⅞	10½-11	10⅞-11⅛	6-6⅛	11¼-11¾
Three months	10⅛-10⅝	10⅛-11⅛	11⅛-16⅛	6¼-6⅜	0⅜-5½	5⅛ 6	11⅜-11½	13⅝-10⅛	10⅛-11	10⅞ 11⅛	0¼-5⅛	11⅛-12
Six months	10⅛ 10⅛	11⅛ 11⅛	19⅛-10¼	6⅛-6⅛	5⅛-3⅛	5⅛ 6	11⅛-10⅛	10-10⅝	10¾-11¼	11 11¼	5¼-5⅝	16-10⅛
One year	10⅛-10⅝	11⅝-11¾	16⅛-16⅝	6⅛-6⅛	0⅛-5¼	8-5⅛	12¼-12⅜	16 15⅝	10⅝-11¼	11-11¼	9⅝-0⅛	11-16

Asian $ (closing rates in Singapore): Short-term 10⅛-10⅛ per cent; seven days 10⅛-10⅛ per cent; one-month 10⅛-10⅛ per cent; three months 10⅛-11⅛ per cent; six months 11⅛-11⅛ per cent; one year 11⅛-11⅛ per cent. Long-term Eurodollars: two years 12⅛-12⅛ per cent; three years 12⅛-12⅞ per cent; four years 12⅜-13 per cent; five years 12⅞-13⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates steady

Interest rates were little changed on the London money market yesterday. Recent UK money supply figures have dispelled hopes of an early cut in clearing bank base rates, but there is still some anticipation that base rates will fall next month after the next set of money supply statistics.

Three-month sterling interbank was unchanged at 10¹¹⁄₁₆ per cent, while discount houses buying rates for three-month eligible bank bills firmed slightly to 10¹⁄₁₆ per cent from 10 per cent.

The Bank of England forecast a money market shortage of £900m, and gave total help to the market of £916m. The authorities offered an early round of assistance, but at that time managed to buy only £29m bills outright, all at unchanged dealing rates. A total of £5m bank bills were bought in band 1 (up to 14 days maturity at 10⅜ per cent; £5m bank bills in band 2 (15-33 days) at 10⅜ per cent; £5m bank bills in band 3 (34-63 days) at 10⅜ per cent; and £14m bank bills in band 4 (64-91 days) at 10⅜ per cent.

Further help of £796m was provided before lunch, including £8m bills outright, through £1m bank bills in band 1 at 10⅜ per cent; £5m bank bills in band 2 at 10⅜ per cent; and £2m bank bills in band 3 at 10⅜ per cent. Another £788m bills were purchased for resale to the market in equal amounts on November 5 and November 6 at a rate of 10⅜ per cent.

In the afternoon the Bank of England bought £6m bills outright in band 2 at 10⅜ per cent, and also provided late assistance of around £85m.

Bills maturing in official bands, repayment of late assistance, and a take-up of Treasury bills drained £579m, with the unwinding of repurchase agreements absorbing £812m. These were partly offset by Exchequer transactions adding £170m to liquidity, and a fall in the note circulation of £275m.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Oct. 15	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	0.55-5.65	11⅛	1-2	5⅜-3⅞	6.03125	17-17⅜	8.05	12¼-12½
One month	0.75-5.90	11⅛-11⅛	4⅞ 5	5⅛-5⅛	6.15625	10⅞-17¼	10⅞-11⅛	12½-12¾
Two months	5.75-5.90	11⅛-11⅛	—	—	—	—	—	13⅝-13⅞
Three months	5.95-6.10	11⅛-11⅛	0⅛-7⅛	5⅛-6⅛	6.34375	17⅛-17½	10⅞-11⅛	13-13¼
Six months	6.00-6.10	11-11⅛	—	5¼-5⅝	—	—	10⅞-11⅛	13⅝-13⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	5¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Oct. 15 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	0 11½	11-	10⅛-11¼	0-11	—	—	—	—	—
2 days notice	—	—	10¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¾ 11	10¾	10⅛-11⅛	10⅞-10⅝	—	—	—	—	—
One month	10¾ 10⅛	10⅛ 11⅛	10¾	10¾-10⅞	10½	10⅛	10⅝	10⅛	10⅝	11⅛
Two months	10⅝ 10⅛	10½-10⅛	10⅝	10⅛-10⅛	10-10¼	10⅛	10⅛	10⅛-10⅛	10⅛	10⅛
Three months	10⅛ 10⅝	10⅛ 10⅝	10½	10⅛	10	9⅛-9⅞	9⅛	10-10⅛	9⅛	10⅝
Six months	10⅛ 10⅛	10⅛ 10⅝	10½	—	—	—	—	9⅞-9⅞	0¾	10⅛
Nine months	10⅛ 10⅛	10½-10⅝	—	—	—	—	—	—	—	—
One year	10⅛ 10⅛	10½-10⅝	10⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10⅞	—	10¾	10.5 10.6	9⅛ 9⅛	9¾-9⅛
Two months	11⅛-10⅞	—	10⅛	10.65-10.75	9⅛ 9⅛	9⅞-10
Three months	11-10¾	—	10⅛	10.75-10.85	9⅛ 9⅛	9⅛-10⅛
Six months	10⅝-10⅝	—	10⅛	11.15-11.25	9⅝ 9⅞	10-10⅛
Nine months	10⅝-10⅝	—	10⅛	11.2-11.4	—	—
One year	10⅝-10⅝	—	10⅛	11.35-11.45	9⅞-10⅛	10-10⅛
Two years	11	—	—	—	—	—
Three years	11⅛	—	—	—	—	—
Four years	11⅛	—	—	—	—	—
Five years	11⅛	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.504 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 9.7287 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¼ per cent; one-three months 10¾ per cent; three-six months 10¾ per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10 per cent from September 12. Deposits held under Series 5 10¼ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES — NEW YORK (Lunchtime)

Prime rate	12¾-12¾
Broker loan rate	11-12⅛
Fed funds	10⅛
Fed funds at intervention	—

Treasury Bills

One month	9.70
Two month	10.05
Three month	9.93
Six month	10.06
One year	10.08

Treasury Bonds

Two year	100⅞
Three year	100⅜
Four year	100⅛
Five year	100⅛
Seven year	99⅝
10 year	102
30 year	100⅞

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. October 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 11	offer 11 1/4	bid 11 1/8	offer 11 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Prices weak

Prices tended to weaken on the London International Financial Futures Exchange yesterday. Long-term gilts for December delivery opened at 107-05, compared with 107-14, but improved to a peak of 107-15 in light trade. There was no further upward drive however, as the market remained concerned about the low level of sterling against the dollar, and about the lack of progres in the talks aimed at ending the pit dispute. The December contract fell to a low of 106-21, and closed only slightly firmer at 106-26.

Three-month sterling deposits also finished weaker at 89.87 for December, against 89.97, depressed by the decline of the pound on fears of lower North Sea oil prices. This followed news that Statoil of Norway had changed its pricing strategy.

December Eurodollars opened lower at 88.78, compared with 88.83 previously, and finished weak at 88.73 despite speculation that the recent sharp fall in the Federal funds rate had been overdone.

U.S. Treasury bonds for December fell to 67-24 from 68-04, but trading was generally steady on hopes the U.S. Treasury auctions will be successful. The contract touched a high point of 68-01 and a low of 67-22.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%†

	Close	High	Low	Prev
Dec	88.73	88.80	88.72	88.83
March	88.39	88.47	88.38	88.51
June	88.08	88.15	88.07	88.21
Sept	87.78	87.80	87.78	87.91
Dec	87.50	—	—	87.63

Est volume 2,629 (4,648)
Previous day's open int 10,103 (10,057)
† Reprinted

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
Dec	89.87	89.94	89.81	89.97
March	89.84	89.90	89.81	89.95
June*	89.63	89.67	89.61	89.65
Sept*	89.45	89.30	89.45	89.45

Est volume 1,349 (1,759)
Previous day's open int 3,889 (3,706)
* £500,000 points of 100%. † Reprinted

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-26	107-15	106-21	107-14
March	106-10	—	—	107-00
June	105-31	—	—	106-20
Sept	105-20	—	—	106-22
Dec	105-02	—	—	106-06

Est volume 2,436 (3,763)
Previous day's open int 2,772 (2,526)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 06 to 14 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2095	1.2185	1.2080	1.2240
March	1.2125	1.2195	1.2125	1.2230
June	1.2180	—	—	1.2274

Est volume 250 (22)
Previous day's open int 5,764 (5,762)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	67-24	68-01	67-22	68-04
March	67-05	—	—	67-18

Est volume 369 (1,136)
Previous day's open int 1,036 (1,104)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-25	67-30	67-22	68-03
March	67-06	67-07	67-03	67-19
June	66-20	66-23	66-17	66-31
Sept	66-05	66-08	66-03	66-17
Dec	65-24	65-26	65-24	66-04
March	65-13	65-14	65-11	65-25
June	65-03	65-04	65-03	65-15
Sept	—	—	—	64-30
Dec	—	—	—	64-23
March	—	—	—	64-10
June	64-05	64-06	64-05	64-17

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.71	89.73	89.69	89.78
March	89.40	89.40	89.38	89.45
June	89.13	89.13	89.10	89.18
Sept	88.85	88.85	88.85	88.91
Dec	88.61	88.61	88.61	88.67
March	88.45	88.45	88.45	88.51
June	88.34	—	88.34	88.40
Sept	89.14	89.17	89.12	89.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.14	89.17	89.12	89.21
March	88.73	88.78	88.72	88.88
June	88.46	88.46	88.46	88.57

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	88.73	88.78	88.72	88.80
March	88.38	88.40	88.34	88.45
June	88.05	88.10	88.05	88.15
Sept	87.77	87.77	87.76	87.86
Dec	87.48	87.51	87.47	87.59
March	87.24	87.25	87.24	87.36
June	87.02	—	87.02	87.12

DEUTSCHE MARKS (IMM) DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3203	0.3214	0.3202	0.3245
March	0.3246	—	—	0.3285
June	—	—	—	0.3776

Est volume 41 (34)
Previous day's open int 246 (240)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	—	—	—	0.4456

Est volume 2 (2)
Previous day's open int 454 (453)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4045	0.4047	0.4042	0.4072
March	—	—	—	0.4125
June	—	—	—	—

Est volume 4 (6)
Previous day's open int 260 (133)

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.2090	1.2105	1.2070	1.2260
March	1.2120	1.2180	1.2110	1.2285
June	1.2170	1.2210	1.2170	1.2355
Sept	1.2250	1.2250	1.2240	1.2410
Dec	1.2330	—	1.2330	1.2475

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	114.25	114.95	114.10	114.70
March	114.25	—	—	114.10
June	—	—	—	103.50

Est volume 679 (370)
Previous day's open int 766 (727)

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-08	67-11	67-07	67-16
March	66-19	66-19	66-19	66-27
June	—	—	—	66-07
Sept	—	—	—	65-21
Dec	—	—	—	65-04
March	—	—	—	64-22
June	—	—	—	64-06

Company Notices

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 15, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	8.750
Algeria	Dinar	(A) 5.17
Andorra	French Franc / Spanish Peseta	11.05 / 211.40
Angola	Kwanza	(CM) 63.7006
Antigua	E. Caribbean $	3.2755
Argentina	New Peso	152.635
Australia	Australian $	1.4565
Austria	Schilling	26.735
Azores	Portug'se Escudo	188.00
Bahamas	Ba. Dollar	1.2085
Bahrain	Dinar	0.4560
Balearic Isles	Spa. Peseta	211.00
Bangladesh	Taka	30.70
Barbados	Barbados $	2.417
Belgium	B. Franc	(com) 76.720 / (fn) 77.50
Belize	B.$	2.417
Benin	C.F.A. Franc	576.5
Bermuda	Bda $	1.2085
Bhutan	Indian Rupee	14.60
Bolivia	Bolivian Peso	(o) 417.0 / (13) 6,042.5 (14)
Botswana	Pula	1.770
Bourkina Faso	C.F.A. Franc	576.0
Brazil	Cruzeiro	2,953.00
Brit. Virgin Isles	U.S. $	1.2085
Brunei	Brunei $	2.6270
Bulgaria	Lev	1.2065
Burma	Kyat	10.90
Burundi	Burundi Franc	151.38
Cameroon	C.F.A. Franc	576.0
Canada	Canadian $	1.6005
Canary Islands	Spanish Peseta	211.40
Cape Verde Is	Cape V. Escudo	96.90
Cayman Islands	Cay. Is. $	1.007
Cent. Afr. Republic	C.F.A. Franc	576.5
Chad	C.F.A. Franc	576.0
Chile	Chilean Peso	140.90
China	Renminbi Yuan	3.3370
Colombia	Col. Peso	176.5
Comoro Islands	C.F.A. Franc	576.5
Congo (Brazzaville)	C.F.A. Franc	(U) 54.25
Costa Rica	Colon	1.0656
Cuba	Cuban Peso	0.7780
Cyprus	Cyprus £	(com) 9.70 / (nc) 16.18
Czechoslovakia	Koruna	(14.70)
Denmark	Danish Kroner	13.71
Djibouti	Djibouti Franc	207.0
Dominica	E. Caribbean $	3.2755
Dominican Repub.	Dominican Peso	(7) 3.6256
Ecuador	Sucre	(O) 81.12 / (F) 130.41
Egypt	Egyptian £	(1) 1.0084 / (1.4380)
El Salvador	Colon	5.07
Equatorial Guinea	Ekuele	4.296
Ethiopia	Ethiopian Birr	(P) 4.8500
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	13.71
Fiji Islands	Fiji $	1.3695
Finland	Markka	7.8005
France	French Franc	11.53
French C'ty in Af.	C.F.A. Franc	576.5
French Guiana	Local Franc	11.53
French Pacific Is.	C.F.P. Franc	203.0 (sg)
Gabon	C.F.A. Franc	576.5
Gambia	Dalasi	5.7920
Germany (East)	Ostmark	3.7920
Germany (West)	Deutsche Mark	3.7920
Ghana	Cedi	46.7590
Gibraltar	Gibraltar £	1.0
Greece	Drachma	155.35
Greenland	Danish Kroner	13.71
Grenada	E. Caribbean $	3.2755
Guadaloupe	Local Franc	11.53
Guam	U.S. $	1.2085
Guatemala	Quetzal	1.2085
Guinea	Syli	30.21
Guinea-Bissau	Peso	124.18
Guyana	Guyanese $	4.064
Haiti	Gourde	6.0425
Honduras	Lempira	2.44
Hong Kong	H.K. $	9.4600
Hungary	Forint	65.65
Iceland	I. Krona	41.0585
India	Ind. Rupee	14.60
Indonesia	Rupiah	1,255.30
Iran	Rial	115.70 (sg)
Iraq	Iraqi Dinar	0.3830
Irish Republic	Irish £	1.2205
Israel	Shekel	500.0
Italy	Lira	2,337.0
Ivory Coast	C.F.A. Franc	576.5
Jamaica	Jamaica Dollar	5.10
Japan	Yen	300.75
Jordan	Jordanian Dinar	0.480
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	18.09
Kiribati	Australian $	1.4565
Korea (Nth)	Won	1.37 (n)
Korea (Sth)	Won	1,006.46
Kuwait	Kuwaiti Dinar	0.3640
Laos	New Kip	40.2875
Lebanon	Lebanese £	8.6350
Lesotho	Maluti	2.1436
Liberia	Liberian $	1.2085
Libya	Libyan Dinar	0.3578
Liechtenstein	Swiss Franc	3.1105
Luxembourg	Lux Franc	76.725
Macao	Pataca	9.8710
Madeira	Portug'se Escudo	188.50
Malagasy Republic	MG Franc	784.60
Malawi	Kwacha	1.85
Malaysia	Ringgit	2.9070
Maldive Islands	Rufiyaa	9.1241
Mali Republic	C.F.A. Franc	576.5
Malta	Maltese £	0.5886
Martinique	Local Franc	11.55
Mauritania	Ouguiya	86.85
Mauritius	M. Rupee	18.57
Mexico	Mexican Peso	(F) 248.71 / (C) 218.10
Miquelon	Local Franc	11.53
Monaco	French Franc	11.53
Mongolia	Tugrik	4.00 (n)
Montserrat	E. Caribbean $	3.2755
Morocco	Dirham	11.30 (sg)
Mozambique	Metical	(A) 52.50
Namibia	S.A. Rand	2.1430
Nauru	Australian Dollar	1.4565
Nepal	Nepalese Rupee	19.50
Netherlands	Guilder	4.2775
Netherland Antilles	Antillian Guilder	2.1630
New Zealand	N.Z. Dollar	0.4990
Nicaragua	Cordoba	12.26
Niger Republic	C.F.A. Franc	576.5
Nigeria	Naira	1.061402 (sg)
Norway	Norwegian Krone	10.8820
Oman Sul'ate of	Rial Omani	0.4186
Pakistan	Pakistan Rupee	17.40
Panama	Balboa	1.2085
Papua N. Guinea	Kina	1.1340
Paraguay	Guarani	(290.16 (10) / 520.84 (11) / 392.63 (18))
Peru	Sol	exc(A) 4,994.24
Philippines	Philippine Peso	21.50
Pitcairn Islands	£ Sterling / New Zealand £	1.0 / 2.4990
Poland	Zloty	165.01
Portugal	Portugu'se Escudo	188.60
Puerto Rico	U.S. $	1.2080
Qatar	Qatari Ryal	4.4200
Reunion Island	French Franc	11.53
Romania	Leu	(Cm) 5.43 / (NC) 19.42
Rwanda	Rwanda Franc	125.96
St. Christopher	E. Caribbean $	3.2750
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	3.2725
St. Pierre	Local Franc	11.53
St. Vincent	E. Caribbean $	3.2756
Salvador El	Colon	—
Samoa American	U.S. $	1.2085
San Marino	Italian Lira	2,337.0
Sao Tome & Prin.	Dobra	56.40
Saudi Arabia	Saudi Ryal	4.3055
Senegal	C.F.A. Franc	576.5
Seychelles	S. Rupee	8.69 (sg)
Sierra Leone	Leone	(0.6.158)
Singapore	Singapore $	2.6270
Solomon Islands	Solomon Is. $	1.6045
Somali Republic	Somali Shilling	31.21
South Africa	Rand	2.1430
Spain	Peseta	211.40
Spanish ports in North Africa	Peseta	211.40
Sri Lanka	S. L. Rupee	31.96
Sudan Republic	Sudan £ (u)	1.50
Surinam	S. Guilder	2.1539
Swaziland	Lilangeni	2.1430
Sweden	S. Krona	10.6320
Switzerland	Swiss Franc	3.1125
Syria	Syrian £	(A) 7.6.0 / (C6MINA)
Taiwan	New Taiwan $	47.37
Tanzania	Tan. Shilling	21.72
Thailand	Baht	27.54
Togo Republic	C.F.A. Franc	576.5
Tonga Islands	Pa'anga	1.4565
Trinidad	Trinidad & Tab $	2.88
Tunisia	Tunisian Dinar	1.0100
Turkey	Turkish Lira	500.95
Turks & Caicos	U.S. $	1.2085
Tuvalu	Australian $	1.4565
Uganda	Uganda Shilling	535.0
United States	U.S. Dollar	1.6085
Uruguay	Uruguay Peso	73.07
Utd. Arab Emirates	U.A.E. Dirham	4.4380
U.S.S.R.	Rouble	1.0465
Upper Volta	see Bourkina Faso	—
Vanuatu	Vatu	120.0
Vatican	Italian Lira	2,337
Venezuela	Bolivar	(4) 9.30 / (10) 8.07 / (5) 14.40 / (6) 12.70
Vietnam	Dong	1.2085
Virgin Islands U.S.	U.S. Dollar	1.2085
Western Samoa	Samoan Tala	(A) 9.61
Yemen (Nth)	Ryal	8.95 (sg)
Yemen (S)	S. Yemen Dinar	(A) 0.4150
Yugoslavia	New Y Dinar	290.06
Zaire Republic	Zaire	47.49
Zambia	Kwacha	2.45
Zimbabwe	Zimbabwe $	1.7115

* Rate is the transfer market (controlled). †† Now one official rate. (1) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rate. (10) Rate for exports. (11) Parallel rate. (12) Rate for imports. (13) Essential imports. (14) Non-essential imports. (15) Nearly all business transactions.

INTERNATIONAL CAPITAL MARKETS

Standard Chartered issues FRN

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

STANDARD CHARTERED yesterday became the third British bank to launch an undated Eurobond with the issue of a "perpetual" floating rate note whose amount was immediately increased to $300m from $250m.

The issue follows a fashion started by National Westminster Bank in April and followed up last week by Barclays with a $600m issue, though Standard Chartered has added a new dimension in the form of warrants to buy fixed-rate dollar or sterling-denominated bonds.

The floating rate note, led by Credit Suisse First Boston and Standard Chartered Merchant Bank, will bear interest at a margin of ⅛ per cent above the six-month London interbank offered rate for Eurodollars (Libor) and pays total fees of 80 basis points.

Each $10,000 note will bear six warrants entitling the holder to purchase either $1,000 nominal of 12 per cent, 12-year bonds or £800 of 11⅝ per cent 12-year paper at any time over the next three years. The warrants were launched at an initial price of $27.50 but quickly climbed to a peak of $36 before settling at around $33.

Bankers say the warrants have little bearing on the basic structure of the perpetual bond but the proceeds will reduce Standard Chartered's overall cost of borrowing from the package. Market estimates put this at about 10 basis points over Libor, which means that the inclusion of the warrants has made this issue about 28 points cheaper than last week's bond from Barclays.

The notes themselves were well received, trading last night at a discount of about 50 basis points from their par issue price, well within their total fees.

The fixation with floating rate notes and warrants has allowed the Eurobond market quietly to place some of the overhang of unsold fixed rate paper that built up during the issuing spree of late September.

There were no conventional fixed-rate issues last week, but against the backdrop of steady secondary market prices the Inter-American Development Bank slipped in last night with a $150m, seven-year 12¼ per cent bond priced at 99¾ per cent by lead managers Deutsche Bank, CSFB and Morgan Guaranty.

Yamaichi International yesterday cut the coupon of its $100m convertible issue for Tokyo Sanyo Electric to 3¾ per cent from an indicated 3½ per cent. Final terms include a conversion price of Y772 compared with yesterday's close of Y739 and an exchange rate for conversion of Y249.55 to the dollar.

Continental European markets were generally little changed. Lorim launched a DM 100m, 8 per cent, seven-year bond at 99½ through BHF Bank. The coupon is higher than seen on some recent issues by corporate borrowers and the issue traded at a discount of about 1 per cent.

Algeria considers $500m credit

ALGERIA is sounding out the Euromarket for a $500m credit for its state-owned bank Crédit Populaire, our Euromarket Correspondent writes.

Although a formal mandate for the deal is still believed to be some weeks away, the sounding process has already attracted considerable attention in the banking community. Algeria has indicated that it would like at least part of the loan to be priced at a margin of just ⅜ percentage point over Eurodollar rates.

That follows the highly successful $800m loan raised jointly last year by Banque Nationale d'Algérie and Banque Extérieure d'Algérie, which was increased from an initial $700m. That loan bore a margin of ½ point, rising to ⅝ point for the next two.

Since then, margins in the Euromarket have dropped across the board, but although bankers say there is evidence of strong appetite for Algerian paper, especially from Japanese banks, there is some uncertainty as to how the market would receive an Algerian credit with a margin of only ⅜ per cent.

Arab banks, which would normally be expected to play a fairly large role in an Algerian syndication, might avoid taking part in such a deal, bankers believe.

● Citicorp and Mitsubishi Bank are now going ahead with their $170m deal for the Spanish state-holding company INI, proceeds of which are to be used to finance two subsidiaries: Astilleros Españoles and Babcock & Wilcox Española.

The deal is divided into two tranches of Pts 14bn and $85m. Citibank España will be agent on the seven-year peseta tranche, which will bear interest at a margin of ¾ point over the Madrid interbank offered rate or the one-year Spanish preferential (prime) lending rate. That portion also carries an option for interest to be charged at the three-year preferential rate with no margin, and repayments begin after a four-year grace period.

Mitsubishi Bank will be agent for the $85m portion, which has a 10-year maturity and a six-year grace period. The interest margins have been set at ⅜ point over Libor for the first five years, rising to ½ per cent thereafter.

Syndication of the deal is expected to begin this week. Spanish borrowers have been turning their attention increasingly to peseta syndications recently and bankers said yesterday one reason why the INI deal bears a peseta tranche is to minimise the withholding tax obligations on foreign currency borrowing by Spanish entities.

Switzerland withdraws bond issue

THE SWISS Government has been forced to withdraw a SwFr 250m bond issue planned for later this month as a result of the unsettled condition of the market, **John Wicks writes from Zurich.**

This is the first time in five years that a state bond has been cancelled. The Swiss Government switched in 1979 to a tender system of *bond auction.*

The decision follows several weeks of uncertainty for the Swiss franc and a general hardening of short-term interest rates in Switzerland. Bond market coupons have been edging higher.

The loan has been cancelled because of the "instability of the market" according to the Finance Ministry in Berne. There is considerable uncertainty over prospects for Swiss interest rates, not least in the field of the banks' *Kassenobligationen* – medium-turn over-the-counter bonds.

The last federal issue, at the end of *August*, was of SwFr *229.5m* at an issue price of 99.8 per cent and with a 4¾ per cent coupon. Since then there has been a general slight increase in interest rates, so that many observers believed Switzerland would have to offer 5 per cent this time round.

A further issue is on the calendar for December. While this is likely to be of the near-standard sum of around *SwFr 250m,* the Finance Ministry points out that it is "flexible" with regard to this amount.

Banking circles say that the current strength of the dollar, is not the main reason for the decision, although this has led to higher money-market rates. The uncertainty is linked more to the lifting of the West German coupon tax

FLOATING RATE NOTES

Banks issue perpetual floaters in effort to boost capital base

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE PERPETUAL floater might be said to have come of age last week *as a means of raising capital* on the international markets. There were two issues, $600m by Barclays Bank and $150m by Den norske Creditbank, and both were increased in size to meet popular demand.

Standard Chartered followed suit yesterday with a $250m issue, immediately increased to $300m. This brings to seven the number of perpetual floaters since the first last April by National Westminster Bank with $500m, to be followed during the summer by Sweden ($750m), Belgium ($300m) and Denmark ($600m).

The perpetual floating rate note's appeal from the issuer's point of view is that it never matures, so it has a permanence lacking even in a 30-year bond. In practice, many of them could be called in after a few years – Barclays' is callable in 1990.

NatWest and County Bank, its merchant banking subsidiary, developed their note for two reasons: to raise capital with some of the characteristics of equity to strengthen the balance sheet, and increase the dollar component of the banking group's capital base to reflect the shape of the balance sheet as a whole. The obvious route, a dollar-denominated rights issue, *was not possible for legal reasons.*

To make the issue even more like equity, NatWest linked payment of interest to payment of dividend on its common stock. So investors take an extra risk.

Any hopes, however, that NatWest had that its perpetual floater was going to pass the equity test were dashed when the Bank of England said it was debt, although it recognised that there were special features. Because of this, NatWest has not yet taken the proceeds of the issue into its capital, even as debt.

BHF Bank bond average		
Oct. 15		Previous
101.276		101.193
High	1984	Low
101.329		98.055

In the U.S., NatWest has visited the Fed and made a submission about its new creature and is hoping that when the U.S. authorities come out with their promised new *definition of capital in a few weeks* time, they will let it count as "primary capital," the key category for prudential purposes. The U.S. credit rating agencies regard it as equity, according to Mr Charles Green, NatWest's general manager in charge of financial control.

The Barclays issue was a bit different. There was no linkage between interest and dividend payments, which makes it look less equity-like. Barclays argues the opposite, however. The NatWest issue, it points out, could produce a situation where repayment is accelerated (if, for example, NatWest fails to *pay interest after paying a dividend*) so the company would still exist but the bond would be paid off, which would immediately end any resemblance to equity. The Barclays issue, however, would only be due for repayment in the event that the bank itself went into liquidation, more a characteristic of equity.

Tortuous arguments, perhaps. This, however, is what banks have to resort to these days as they cast around for new ways of boosting their capital base in response to pressure from their supervisors.

Barclays has not yet discussed its issue with the Bank of England so it does not know how it will stand in the capital table. It is already clear, however, that it will only be able to make limited use of it as capital if the Bank says, as seems likely, that it is debt. British banks may only count £1 of debt to every £2 of equity.

Barclays is already so close to that limit that analysts estimate it would only be able to absorb half the $600m issue into its capital base – or alternatively raise some £500m in new equity to match it.

Since NatWest has also beaten Barclays to the equity gun with its recent £236m rights issue, that route would seem to be closed for the time being.

There is, however, a cost attached to perpetual floaters. Earlier this year, Barclays made a 20-year bond issue at ⅛ point over the mean of the London interbank offered and bid rates, but the spread on their perpetual was ¼ point, quite a large difference in the *margin-conscious* Euromarkets. Barclays clearly thinks it worth the extra expense. Mr Anthony Stranger-Jones of Barclays Merchant Bank, which did the deal, said it adds "an extra layer of *strength*" to the balance sheet which reassures depositors and removes a funding worry from the group treasurer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 15.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						
Reynolds O/S Fin 7¾ 94	125	100½	101	0	−0⅛	7.38
Societe Cent Nuclear 8 91	100	102¾	103⅜	+0½	+0½	7.41
Sth Africa Rep 8½ 91	200	102¼	102⅞	+0⅛	+0⅝	[illegible]
World Bank 7¾ 89	150	100	100½	0	0	7.95
World Bank 8 94	200	101⅞	102⅜	0	+0¼	7.66
Average price change On day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 6¼ 94	100	†101½	101¾	0	−0½	6.02
Canada 5¼ 92	200	†101¼	101½	+1	0	5.02
Consol Foods 5¾ 94	200	†102	102⅜	0	−0½	5.46
Consol Press 6¼ 94	200	†100½	100⅞	0	+0½	6.15
Credit Foncier 6 94	120	†100¾	101	+0⅛	+0⅛	5.88
Electric Power 5¾ 94	100	†100¾	101	+0⅛	0	5.63
Euratom 6½ 94	90	†102	102¼	−0⅛	−0⅝	5.95
FGH 5¾ 92	110	†98¾	99½	+0½	0	6.02
G.O.Int 6⅞ 92	70	†101¼	101½	−0⅝	−0½	6.51
Int-Am Dev Bk 6¼ 94	120	†101	101¼	−0⅛	−0⅛	6.08
Japan Fin Corp 5½ 94	100	†98	98¼	−0⅛	0	5.76
Japan Highway 5⅜ 92	150	†97⅝	98	−0⅛	−0½	5.72
Kansai Ele Power 6⅛ 92	100	†102½	102¾	+0⅛	+0⅛	5.68
Manitoba Prov 5¾ 94	100	†101¼	101½	0	+0⅝	5.56
Mitsui Fin Asia 5⅝ 94	55	†98¾	99	+0½	0	6.03
Mount Isa Fin 5¾ 94	100	†99	99¼	+0⅛	−0⅛	5.87
New Brunswick 5⅝ 94	100	†100½	100¾	−0½	0	5.53
Quebec-Hydro 5⅝ 94	150	†102½	102⅝	+0⅛	0	5.52
Statsforetag 6 92	75	†101	101¼	+0⅝	0	5.81
Sweden Kingdom 5¾ 94	125	†100½	100⅝	+0⅛	0	5.66
Tauernkraftwerke 5½ 94	100	†98½	98¾	+0½	0	5.66
Tobu Railway 4 92 WW	100	†97	97¼	0	−0⅛	4.45
Tobu Railway 4 92 XW	100	†87	87¼	0	0	6.18
Transcanada Pipe 5½ 92	100	†99	95¼	+0½	+0⅛	5.64
World Bank 6½ 94	200	†101½	101⅝	0	+0⅛	5.90
Average price change On day +0⅛ on week 0						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bk 7⅝ 94	15	99¼	99¾	0	+0⅛	7.44

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Nippon Oil Co 3¼ 98	3/84	1062	95⅝	96⅝	0	7.96
Nippon Oil Co 5½ 98	4/83	964	95⅝	96⅝	0	7.96
Nissan Motor 5⅝ 98	4/83	636.4	90⅝	90⅝	−0⅛	8.30
Oki Elec Ind 3½ 99	10/84	305	102⅛	103⅛	+0⅝	2.48
Orient Leasing 5⅛ 98	8/83	2000	125⅜	126⅜	+0⅛	6.57
Secom 3⅝ 99	10/84	5434	102⅛	103⅛	+1⅛	12.96
Sekisui House 3 99	5/84	812	88⅝	89⅝	+0⅛	1.67
Sumitomo Corp 2⅞ 99	5/84	583	80⅝	81⅛	+0⅝	2.58
Yamanouchi Pharm'cal 4 98	10/83	1493.2	112½	112½	−0⅛	2.88
Nippon Oil Co 2⅛ 92 SF	3/84	1062	†107½	107½	0	11.28
Nippon Shinpan Cr 2 92 SF	3/84*	661	†95	95¼	+0½	30.93
Sanyo Paper 2⅛ 92 SF	4/84	677	†154½	154⅝	+7⅛	1.91
Asics 5 92 DM	12/83	920	101⅞	102⅞	−0⅛	15.84
Sun Realty 6⅝ 92 DM	2/83	365	150	151	−0⅝	−11.41

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 30

Stock		Sales (Hnds)	High	Low	Last	Chng
[illegible]						
WBAL		191	10¼	9½	9¾	−⅛
WlsnF		460	9½	8⅞	9½	+⅛
WlsnH	.20	43	12¼	12	12¼	+¼
Wnamr	.07	65	6⅞	6⅝	6⅞	+⅛
WnnEn		3	4⅞	4⅞	4⅞	+¼
WiserO	.86	28	19½	19	19	−⅛
WoodD	.60	28	19	18½	18½	
Worthg	.56	84	23¼	23	23¼	+¼
Wyman	.00	58	30½	30	30¼	+¼
X-Y-Z						
Xebec		295	6⅝	6	6½	+½
Xicor		390	10⅞	10½	10⅝	+⅛
Xidex		213	15	14¼	14⅜	−¼
YlowFt	1	313	21	30⅞	31	
ZenLbB		83	17	16⅞	17	+¼
Zentec		13	4	3¾	3¾	−¼
Ziegler	.44a	39	11⅝	11¼	11½	
ZionUt	1.24	25	31½	31	31½	+¼
Zitel		1	6½	6½	6½	
Ziyad		13	11¼	11⅛	11⅛	−⅛
Zondvn	.34	372	13⅜	13	13⅛	−¼
Zymos		110	2⅞	2⅝	2⅞	+⅛
Zytrax		58	3⅝	3½	3⅝	+⅛

NEW YORK

DOW JONES	Oct 15	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	[illegible]									41.22 (2/1/32)
Transport	[illegible]									12.32 (8/7/32)
Utilities	[illegible]									10.5 (28/4/42)
Trading vol	[illegible]									–

New York Active Stocks

[illegible]

Indices

	Oct. 15	Oct. 12	Oct. 11	Oct. 10	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	758.1	749.1	746.4	742.3	792.6 (9/1)	646.3 (18/6)
Metal & Minls. (1/1/80)	454.1	450.1	446.5	446.2	567.4 (6/1)	404.3 (24/7)
AUSTRIA						
Credit Aktien (2/1/62)	56.25	56.24	56.27	56.26	56.51 (5/10)	50.20 (15.6)
BELGIUM						
Belgian SE (31/12/63)	162.83	165.35	162.64	161.98	165.38 (14/6)	155.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	169.25	171.24	169.77	169.01	228.21 (20/1)	157.1 (2/10)
FRANCE						
CAC General (31/12/82)	181.4	181.8	182.1	182.0	182.1 (11/10)	155.6 (8/1)
Ind Tendance (30/12/83)	116.7	117.0	117.5	117.7	117.8 (8/10)	99.4 (5/1)
GERMANY						
FAZ Aktien (31/12/58)	378.27	368.32	368.94	368.23	370.84 (2/2)	317.77 (25/7)
Commerzbank (1/12/53)	1078.8	1074.3	1078.2	1068.6	1098.5 (2/2)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	999.09	995.14	979.78	965.18	1170.88 (19/3)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	210.28	211.50	211.30	(u)	225.67 (1/2)	182.96
JAPAN**						
Nikkei-Dow (16/5/49)	10780.2	10694.6	10696.9	(c)	11,196.17 (4/5)	9703.35 (25/7)
Tokyo SE New (4/1/68)	865.75	828.76	828.69	(c)	876.62 (2/4)	758.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	179.5	178.2	178.2	177.8	179.5 (15/10)	146.8 (25/7)
ANP-CBS Indust (1970)	141.5	140.1	140.0	138.7	147.2 (1/2)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	258.23	255.80	254.18	254.96	296.79 (9/5)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	859.79	854.76	857.14	857.99	1071.91 (8/2)	854.76 (12/10)
SOUTH AFRICA						
Gold (1958)	(u)	991.8	1015.8	(c)	1075.6 (5/6)	758.1 (24/1)
Industrial (1958)	(u)	868.7	858.8	(c)	1105.3 (26/6)	853.5 (19/9)
SPAIN						
Madrid SE (30/12/83)	161.54	(c)	149.82	161.06	164.51 (9/10)	102.02 (3/1)
SWEDEN						
Jacobson & P. (1/1/58)	1455.57	1461.77	1462.82	1461.88	1594.5 (8/2)	1,308.80 (29/6)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	375.6	374.1	375.8	375.0	398.5 (3/1)	364.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	–	191.0	190.8	190.5	190.8 (5/5)	164.8 (24/2)

** Saturday October 6: Japan Nikkei-Dow 10,711.0. TSE 836.32.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. ‡ Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا عن الأصل

Motor Industry

Market changes as U.S. sales recover

By Kenneth Gooding
Motor Industry Correspondent

THE U.S. MARKET has become the honey pot for the world's car manufacturers. The Europeans are dipping in greedily while there are fat profits to be made from selling vehicles for highly-valued dollars.

By the end of last month West German vehicle exports to the U.S. were running at more than double the 1983 level and the German producers are likely to export around 100,000 more vehicles—mainly cars—in 1984 than the 278,000 shipped out last year.

The Japanese, embroiled in a bitter price war at home and finding the going much harder in Western Europe since the yen strengthened, face import restrictions in the States but have a great deal of previous experience in the art of maximising profits by moving up-market and by careful pricing when the volume of their sales is constrained.

Buoyant market

As for the U.S. manufacturers, they are making the most of buoyant home demand after several lean years. But the slimmed-down, streamlined American companies have no intention of allowing themselves to grow fat and sluggish and slow-to-react again.

Nissan's executive vice-president, Mr Yoshitada Uchiyama, admitted recently that his company's profits from sales in Japan "are not what they should be, we need to make more there." Of Nissan's earnings from sales in Europe he said: "They are not so good as in the past." But profits in the U.S. were "very satisfactory."

He also explained why a price war bad developed in Japan. "We are trying hard to catch np with Toyota. In the past Toyota was 7 per cent or 8 per cent ahead of Nissan in the market, now the gap is 10 per cent. We want to recover our share. By introducing new models, by strengthening our dealers we will meet that target."

According to Mr Uchiyama, the rapid financial recovery of the U.S. manufacturers in the past year or so bas proved that the American industry is still the world's strongest. He pointed out that, if the forecasts proved right and General Motors—the world's largest automotive group—achieved a $6bn net profit this year, it would earn more than the entire Japanese industry.

"If the U.S. companies can continue to combine excellent management, further automation and the very reasonable relationship they bave with their workforce, they can match Japanese cars quality and considerably close the gap between Japanese and American costs," he asserted.

Mr Uchiyama's compliments are to some extent politically inspired. Like the rest of the Japanese groups, Nissan wants the U.S. government to end the restrictions on car shipments from Japan to the States which in the year to next April will limit them to 1.85m compared with 1.68m for the previous 12 months.

If the restraints were removed—and that is by no means certain in spite of the renewed vitality of the U.S. industry—in theory the Japanese could make hay and boost their car sales volume substantially.

However, Mr Urchiyama is not alone when "personally speaking," he feels there is an upper limit to the market share Japanese cars can reacb in the U.S. He estimates that share is around 20 per cent compared with the 18 per cent the Japanese currently bold.

Nissan is now committed to alleviating trade friction by "manufacturing wbere we sell, especially in our larger markets so that we can contribute to the local economy, industry and employment," be insisted — expressing a philosophy which General Motors and Ford have attempted to put into effect for the best part of 60 years.

That said, it seems that Nissan is still intent on increasing *its sales in* Western Europe at a pace which will win it market sbare. Nissan hopes to push up car sales in the area by about 3 per cent a year wben the best estimates suggest total demand will rise by only 1½ per cent to 2 per cent annually.

And even that might turn out to be optimistic if Europe switches quickly to the U.S. system of controlling harmful emissions from cars—a possibility which the French and Italians find particularly worrying.

In West Germany, millions of Black Forest trees are wilting, dying or dead. It has not been proven conclusively that car exhaust fumes are in any way responsible but, faced with the need to appear to be doing something (and by the sudden rise in support for the Greens, the pro-environment party which is now attracting over 8 per cent of the votes at German elections) the West German government intends to take action.

Various methods will beused to encourage buyers to purchase cars which use American-style catalyctic converters—or "cats"—to eliminate some of the emissions.

"Cats" are quickly poisoned by lead and if the German scheme is to work, unleaded fuel must be made widely available—and not just in Germany. The Germans are voracious tourists and often take their cars with them.

The German government says it intends to act by 1989 (two years earlier for cars with engines of over 2 litres capacity) whereas the EEC's proposals for emission controls—but not necessarily using catalysts—are not due to come into effect until 1991.

As you would expect with such a rush of proposed regulations, there bave been protests through the European industry.

The German manufacturers bave given up overt opposition to the idea of U.S.-style emission controls bnt are deeply disturbed by the prospect that large cars might be affected first.

Starting point

They want any changes to be introduced for all cars at the same time—and Daimler-Benz has hinted that it probably would not be legal for the German government to take any other course of action.

The rest of Europe's car makers agree that the starting point should be the same for everyone but they also want Germany to wait for the EEC to work out a common set of regulations for the whole community. More time should be given to see if a better method can be found than in the U.S. where the "cats" have proved to be far from perfect. (One-third of those tested recently after being in operation for six months proved to be below standard.)

The "cats" will not *only* eliminate the considerable fuel economy improvements achieved over the past five years by the European car makers but possibly rule out still bigger gains now in the pipeline, say the British, Italian, French and German manufacturers with one voice.

The European car-makers—although currently preoccupied with their own, particular sbort-term problems—all agree that there is an urgent need for margins of profit to return to better levels.

"Our number one priority is to make a profit in all the markets in whicb we sell onr cras," said Mr Carl Hahn, cbairman of Volkswagen-Audi, at tbe recent Paris Motor Sbow. This sentiment was ecboed by M Bernard Hanon, Renault's president. "Our prime task is to make a profit," he said.

According to Ford's calculations, the European industry made a combined loss of $2.1bn between 1978 and 1981. In the last two years another $1.2bn bad been lost and overcapacity in car manufacturing in Europe bad now reacbed 20 per cent, or conservatively 2.5m cars a year.

Mr Bob Lutz, who returned in June for a second term as chairman of Ford of Europe, explains bow this has bappened. He says that Japanese makers bave taken 1m car sales in Europe from the domestic producers and have also eliminated about 1.6m of European exports by moving into what were markets dominated by European products. (European car exports since the early 1970s have fallen from 3m to 1.3m.)

At the same time, the producers in Europe have added capacity, partly by increasing productivity at existing plants, *but* also by building new plants.

The overcapacity has resulted in "jungle warfare" in Europe. "Price competition has become much more vicious in the past two years," Mr Lutz maintains.

But, he stresses, the European industry must be able to earn enough to keep up its investment in technology. For it is technology which has maintained Europe's place in a world where the Americans have a huge domestic car market to rely on and the Japanese have major production cost advantages.

Mr Lutz returned to Ford of Europe following a major upbeaval this year involving the sudden *retirement* of former chairman Mr Ed Blanch and, later, the departure after an internal row, of president Mr Jim Capolongo.

Ford is not the only company wbere the marketplace pressures bave led to execotive casualties. At the Peugeot group, former banker M Jacques Calvet emerged as the new president following a boardroom battle which saw the departure of M Jean Paul Parayre, president since 1975.

Ford has recognised the troubles it faces in Europe—and the fact that its operations there represent as big a part of the world-wide total as those in the U.S.—by sending back Mr Lutz, a main board member who reports directly to Mr Don

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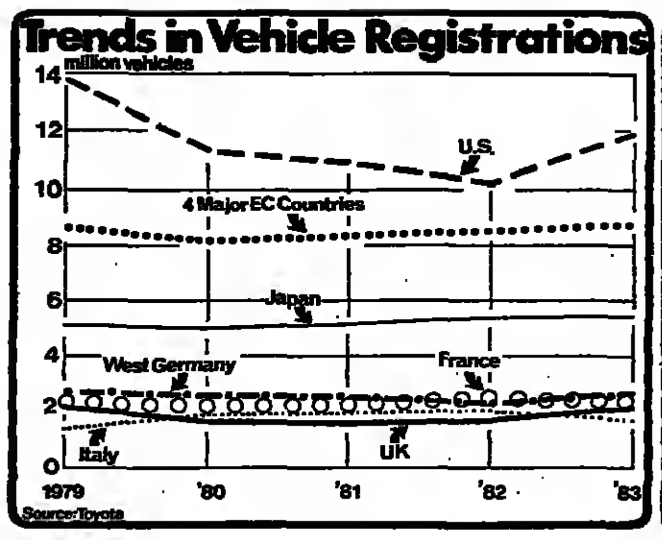
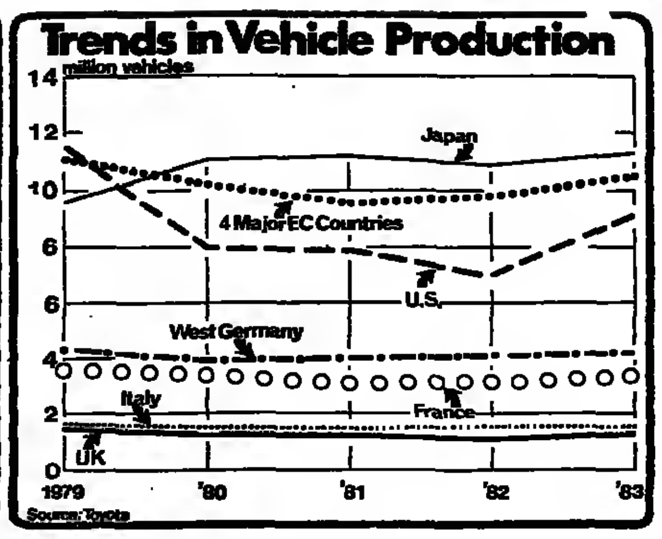




The buoyant U.S. market is providing a highly profitable outlet for European and Japanese car makers. Moves to cut down on exhaust emissions—led so far in Europe by the German government—are a big worry, however.

CONTENTS

Kenneth Gooding looks at the benefits and pitfalls of co-operation between car companies

Era of joint ventures

SOME OF the joint venture projects started in the late 1970s, when the Western European motor industry was racing to develop cars which would use less fuel, are now coming to fruition. Not all of them have turned out as expected.

Fiat in particular was the main European proponent of joint projects. To start with it lost time after the first oil supply crisis because it halted all development work on cars *in the mistaken belief that* the world would switch to public transport.

Apart from needing to catch up with its European competitors, Fiat was acutely aware that its predominant position in Italy, where it accounts for over half total car sales and is by far the major producer of automotive components, makes it necessary to look outside Italy for partners and new technology.

Products from three of the Fiat joint ventures have been unveiled this year. Fiat joined with Saab to develop components for an up-market, large car. Half-way through the venture Fiat's Italian (and State-owned) rival Alfa Romeo joined the party. The outcome has been a car Saab calls the 9000 which the Swedish company previewed in June and a model which will sit at the top of the Saab range.

Sneak preview

Fiat, not to be outdone, has given a sneak preview of the version to be produced by its Lancia subsidiary which will be called the Thema and should be launched next month at the Turin Motor Show. The Thema will replace the Trevi and Gama models.

Fiat's own version of the joint-venture car, code-named Type four, will not be seen until next spring and is expected to supercede the Argenta.

The Alfa variation on this theme, to replace the Alfetta and Alfa Six, will not be seen until well into 1985.

When the project was conceived the idea was for Fiat and Saab *to share production* of the components as well as the development work. But this admirable idea for producing in larger and more economic volumes failed to make headway at a time when the industry is losing so many jobs and individual countries wish to preserve *as many as possible*.

Fiat's chief executive, Sgr Vittorio Ghidella, points out: "This insistence by national governments that the work be done in their own countries has proved to be an *insurmountable* problem."

Consequently, with the launch of the new cars the joint venture between Saab and Fiat is at an end. Saab's car division chief executive, Mr Sten Wennlo, believes the effort was worthwhile in that it saved the equivalent of 2m working hours in development time and "led to greater thoroughness of the design effort."

One byproduct of the Italian Swedish deal which will continue is the supply by Fiat of Lancia Delta cars for sale by Saab in Sweden as the Saab 600. It is a sad reflection on the current *state of the* industry that neither Fiat nor Saab expect to make any profit from this arrangement.

But as Mr Wennlo points out, Saab's Swedish dealers do make some profit on the car and if it was not supplied to them the dealers would almost certainly turn to Japanese products to fill the gap below the Saab range. (Saab itself has no intention of moving any further down the market *in size* where it would have to compete head-on with the volume car producers.)

The difficulties over job preservation have also dogged Fiat's joint venture with Peugeot to produce a highly fuel-efficient small petrol engine. Originally, Peugeot agreed that the engine should be produced at two identical plants, side by side in Italy. But the coming to power of a Socialist government in France put paid to that idea.

The Mitterrand government insisted that one of the plants be located in France. However, when Fiat showed the jointly developed engine for the first time, last month, Peugeot still had not even announced where the French plant would be located. Peugeot has postponed indefinitely plans to put the engine into production.

Fiat spent $330m to bring the engine into production at Termoli, central Italy, and Peugeot was not willing to find that kind of money in its current parlous financial state.

Peugeot had to invest heavily in new 1.6-1.9 litre, petrol-diesel engines for the Peugeot 305 and Citroen BX models among others. The small engine the group uses is made at Douvrin jointly owned with Renault, the State-owned French group. Peugeot says the Douvrin engine has been substantially improved and is doing well in the successful Peugeot 205.

Maintenance-free

Fiat says it shared with Peugeot the development cost of $18m for the new unit which has 30 per cent fewer components than the similar 1-litre engine currently used in the Fiat 127. The new 45 hp engine uses 15 per cent less fuel than the 127 unit and is practically maintenance-free, according to the Italian company.

Fiat calls the new engine "Fire" 1000 (fully integrated *robotised engine*) and says it will be built at the rate of 2,500 a day (about 600,000 a year) from the beginning of 1985.

Fiat and Peugeot will continue to work together on other versions of the engine—when they began the co-operation in 1980 it was said the range would be between 1 litre and 1.5 litres.

Technical, rather than political, problems have delayed the launch of another Fiat joint-venture product: a CVT (continuously variable automatic transmission) which, at a preview late last year, Sgr Ghidella described as "the transmission of the future" which ultimately would replace five-speed manual gearboxes whose performance it more than matched.

The CVT in a version of Fiat's small car, the Uno, should have gone on sale during the summer. But Van Doorne Transmissie in Holland, which makes the key components for the CVT, has encountered difficulties in starting volume production of the steel belt used in the unit.

Van Doorne does not make complete CVT's but just the pulleys and belts. Although the system has been working so well in pre-volume production form that Ford, General Motors *and Subaru as well as Fiat are* to use the Van Doorne components, Fiat has lost some of its initial enthusiasm for the CVT because the price is so high.

Sgr Ghidella says the CVT will add roughly £500 to the price of a car which sells in Italy for the equivalent of about £3,700. He says Fiat will not be able to encourage customers to switch from manual to automatic transmission at such a cost.

Fiat also hopes that Ford will not run out of enthusiasm for the CVT. Ford hoped to put the unit into production at its Bordeaux plant in France and use its version—dubbed the CTX—in the Fiesta and Escort. Twenty Fiestas with CVT have been put into Ford's own sales fleet on the Continent as part of an extended trial.

If Ford can get the volume of CVT sales up that would benefit Fiat because the cost of the Van Doorne components would come down with the increased output.

A great deal will depend on the reception given to the CVT in the U.S. Henry Ford himself said recently that before long the CVT would be offered as an option on all Ford's U.S. cars.

No decision

But so far no decision has been taken to put the Bordeaux CVT into the States because that market requires different characteristics from the unit than Europe. With a legal top speed of 55 mph, the Americans need lots of power from start-off.

There is, however, no chance that the CVT will become the standard automatic in Europe in the medium term. Another joint project, between Renault and Volkswagen, will see the arrival next year of a highly-efficient, four-speed, electronic automatic transmission for small cars.

The new product will be made by both companies at a combined annual rate of 350,000 and go into all their mainstream models. This joint venture sprang from the fact that demand for automatic transmissions in small cars in Europe is not very great and to make the development and investment in capital equipment worthwhile they have to be produced in respectable quantities.

The reported investment in the new transmission is about $45m by Renault and $80m by VW.

Each company will assemble the transmission but share the production of components—another Renault joint venture company, Renix (part-owned by Bendix of the U.S.) will supply the electronic control system, for example.

VW is expected to assemble up to 1,000 units a day at its Kassel factory and Renault about 600 daily—at yet another joint venture plant, STA, owned 75 per cent by Renault and 25 per cent by Peugeot and based at Ruitz in the Pas de Calais region.

Fiat is not the only company to have had joint projects go not exactly to plan. Both Daimler-Benz and BMW tried co-operations with Steyr-Daimler-Puch of Austria but soon unravelled them. D-B and Steyr shared the development of a cross-country, all-wheel-drive vehicle called the "G" wagon. But sales of this high-priced vehicle failed to come up to expectations and D-B left the venture. Now Steyr makes any vehicles D-B wants under a straight-forward supply contract.

BMW and Steyr were involved in a car diesel engines joint venture which ran into technical difficulties. BMW went its own way but kept full control of the Austrian plant which produces the diesels used in BMW cars and also sold for use by Ford in the U.S.

Nissan of Japan and Alfa Romeo of Italy last year launched the joint project car which is called the Arna when sold through Alfa dealers and the Nissan Cherry Europe when sold through the Japanese group's European network.

Nissan agreed to this deal because Japanese cars are practically excluded from Italy by an inter-government arrangement which pre-dates the setting up of the Common Market.

However, no more than 60,000 cars a year will be made and the reception of the newcomer by Nissan dealers in Britain so far has been less than ecstatic.

The joint project involving Honda of Japan and Austin Rover, BL's subsidiary, is much more full-blooded. It involves the joint development of a luxury car and production in both Japan (where Honda will make its own version and a different one for AR) and the UK (where AR will produce both versions).

Headway

Both companies share the cost of developing and producing a low-volume model and both should make more headway in difficult markets. Honda is facing various restrictions on Japanese car sales in European countries—notably France and Italy as well as the UK—while the Western companies find it very difficult to penetrate the competitive Japanese car market with exports.

And for AR, the joint venture car, code-named XX, will take it back to the U.S. for the first time since it stopped selling MG and Triumph sports cars there in 1979.

Important though these individual joint ventures might be, the European co-operation which will probably have the most long-term impact on the industry is that between BL, Fiat, the Peugeot-Citroen-Talbot group, Renault, Volkswagen-Audi and Volvo. The companies are sharing some basic research which will have an important influence on the new materials and processes to be used by car manufacturers in the future.

Two cars from the joint development project between Fiat, Saab and Alfa Romeo—the Lancia Thema (top) to be launched soon and the Saab 9000. The so-called "modular" assembly technique is used for both vehicles: the cabin is put together away from the moving production line.

New production technologies

Enter soon the CIM-built car

THE WORLD'S leading motor manufacturers are groping their way towards production technologies and manufacturing processes on a plane totally different from anything that has gone before.

Groping is a fair term to use — for the conceptual, let alone practical, ingredients of the manufacturing systems taking outline shape are of such complexity that the industry is still having difficulty wrapping its mind round the subject.

Computer Integrated Manufacturing (CIM) of a product so sophisticated, and comprising so many components, as a car is the challenge being taken up by virtually all the volume manufacturers wishing to survive in the business long term.

It should not, however, be confused with any individual production process advance—whether flexible production lines, modular assembly of car interiors or robotised engine assembly lines.

Instead, CIM provides a total framework within which the car "factory of the future" should be able to operate, and within which continuing advances in car design, changes in materials, even the nature of the assembly process, can be accommodated and absorbed.

But in its ultimate form it goes much further in so far as anyone cares to hazard a guess at what the ultimate might be. As Mr Roger Smith, General Motors' chairman, points out, such is the acceleration in the rate of advance of technology that the world's storehouse of knowledge is likely to have doubled by the year 2000.

Sig Giuliano Cozzari, head of technology at Fiat Auto, describes CIM in the motor industry as a "total, design-based revolution, involving computerised plants no longer being seen in isolation but integrated into a total system *incorporating all the variables* of organised production."

It provides a path down which Fiat, for one, will inevitably tread, though Sig Cozzari himself finds the end result difficult to visualise: "a whole series of conditions are required before the threads can be woven into a single design."

In Fiat's case, he suggests, it will involve an "over-system" responsible for flexible plant use, decisions on precedence and materials supply, and flexible stocks throughout the manufacturing cycle." It would involve the entire factory organisation and both indirect labour and clerical staff.

A fuller explanation of how this manufacturing concept could work in its broadest perceived form is provided by Dr Eugene Merchant, director of advanced manufacturing research at Metcut Research Associates in the U.S.

"Product design would be carried out through iterative communication between human designers and computers, the human supplying the design concepts and requirements and doing the creative work, the computer supplying stored and standardised information and carrying out design calculations.

"During this process, the computers would constantly call for, and take account of, information on manufacturing costs and capabilities required to produce alternative features conceived by designers. The computer itself would then select the design which best satisfied product requirements, at minimum cost.

"Almost simultaneously, the production planning component of the system would be using this information to set up a production plan, choosing equipment, processes, operations sequences, conditions and other variables. This numerical information would be used to control automated production and assembly equipment. In turn, this equipment would automatically set itself up, handle parts, select tooling, carry out fabrication and assembly.

"The computer system would compare the process's performance with the ideal, and should it prove inadequate, override the original plan.

"It would go on to adjust the whole system to optimum performance. The computerised machinery would inspect itself and the product, and replace its own tooling when necessary. The final product would be turned out fully inspected and in full conformity with the original design concepts and requirements.

"That, at least, is the concept. And in the case of the motor industry, when extended into the province of component suppliers, or into the placing of an order by a customer in a distant showroom, the achievement of fitting the hardware to the concept might reasonably be called mind-stretching.

It is hardly surprising that Sig Cozzari finds difficulty in pulling together its threads.

John Griffiths

Changes as U.S. sales recover

CONTINUED FROM PREVIOUS PAGE

Petersen, the president, and by separating the non-North American businesses into two distinct units—Europe and Latin America—Asia Pacific.

Mr Lutz, who was previously responsible for all the Ford operations outside North America, says his personal move is a sideways one but Europe *has* been upgraded *in* Ford's scheme of things.

"We used to think it was enough to run a good automotive business—but that is no longer the case. The industry must explain its position clearly, particularly to the politicians who have more power to change things," he maintains.

In particular, Ford is worried about EEC proposals to bring car prices within a 12 per cent price band throughout the Community.

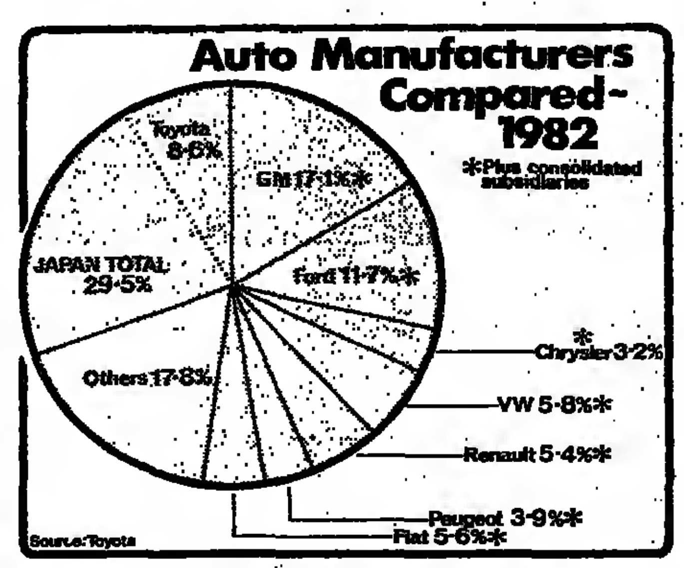
These proposals are aimed primarily at bringing down UK car prices because the Commission's *competition department* has received so many complaints about the differential between British prices and those in some Continental markets and about the difficulties some potential customers have had when attempting to take advantage of the situation and to buy cars in the low-price countries.

Market leader

As market leader in Britain, Ford seems to have more to lose than most other companies. Admittedly, BL's Austin Rover subsidiary would *find the going even more tough* on the Continent if it had to keep its prices there within spitting distance of those on its price lists in Britain (very different, in fact, to what its *cars actually cost once* a big discount has been obtained).

But General Motors would escape because it uses the Vauxhall brand only in the UK and sells its cars with the Opel label elsewhere in Europe. Therefore there is no, say, "Belgian" price for a Vauxhall model to be compared with the British one.

Mr Sam Toy, chairman of Ford of Britain, warned recently that the EEC plans to harmonise prices put Ford's British manufacturing operations under the biggest threat because "it costs us more to manufacture in Britain."



Mr Lotz, in turn, says the Ford plants in Britain have made tremendous strides in terms of quality and productivity but the company's Continental factories have not been standing still either so the UK establishments still have some way to go to catch up.

M Calvet and M Hanon of Renault are both looking for increases in productivity of about 7 per cent a year from their workforces. Not just at the assembly plants but at every level of their organisations. Fiat has achieved the 7 per cent productivity improvement for the past three years and intends to continue the same sort of progress.

Volkswagen's objective is a 4 per cent to 5 per cent improvement but chairman Herr Hahn points out that the German industry started well in front of the others.

Companies are also putting more capital investment behind each employee who remains with them. Renault, Fiat and VW are each spending the *equivalent of $1bn a year and* the Peugeot group is not far behind.

In the U.S., GM says it needs to spend $6bn to $7bn a year for the foreseeable future on new plants, *innovation and new* product development if it is to remain among the top ranks of the car producers.

The money is going to re-equip factories throughout the industry with the kind of automation microcomputers make possible. "Seeing" and "thinking" robots are already installed in some continental car plants and GM is so determined to take the lead in this particular manufacturing technology that it has been buying shareholdings in as many software companies it can find in the U.S. which are working on programmes for "intelligent" robots.

As things stand, the motor industry seems certain to lead the way in the use of new materials, particularly plastics, ceramics and new non-fossil fuels as well as in new manufacturing technologies.

Ford and Chrysler as well as GM are heading for record earnings this year and with the next three-year labour contract to all intents and purposes settled, the U.S. industry exudes tremendous confidence. Output this year should return to about 8m cars and put the U.S. back at the top of the world production league for the first time since 1979 after which Japan took over that position.

Job creation

In Europe, short-term difficulties preoccupy the French and German makers and give a *reminder that there is no such* thing as a "European" industry, just a number of countries with their own "national champions," countries that sometimes are willing to fight for or support those "champions" *financi*ally to preserve the jobs they still create.

In France the jobs question is the domestic industry's greatest current concern. The Peugeot-Citroen-Talbot group cut 55,000 between 1979-81, a further 20,000 went last year and the group suffered some wounding disputes in the process. Renault in the past year has cut 10,000 jobs without drama and many more will go as part of a rationalisation programme the company hopes to negotiate with its unions.

The German manufacturers between them lost the output of an estimated 423,000 vehicles during the strike but by working through the holidays, working overtime and putting on extra shifts, expects to make up about one third of the losses.

Meanwhile, the flood of important new models from the Europeans continues. For example, in the past few weeks Renault has launched the replacement for the R5 which it hopes will become Europe's best-selling car in a very short time while GM has replaced the Opel Kadett/Vauxhall Astra, its best-selling European car, with a substantially different vehicle. The U.S. group hopes it will add one third to the sales volumes reached by the previous Kadett/Astra.

The cars which are coming on stream today are cheaper to produce than the old ones because they were computer-designed to be that way. But instead of retaining extra margins of profit, the manufacturers are forced to pass on the savings to the customers in the form of lower prices.

Since GM brought its new Spanish plant into operation two years ago its European market share has jumped. Now only 2.5 percentage points separate the top six car makers in the European sales league as they jostle each other and attempt to keep up with the pack.

At the end of August this year Ford had a 13.1 per cent market share (up from 12.9 per cent); followed by Fiat with 12.9 per cent (11.9 per cent); VW-Audi 11.6 per cent (11.9 per cent); GM 11.3 per cent (11.4 per cent); Peugeot-Citroen-Talbot 11.2 per cent (11.7 per cent); and Renault 10.8 per cent (12.2 per cent).

Total sales in the 17 West European countries by end-August were 3.7 per cent down on the same period of last year at 7.118m cars and because of the German problems are unlikely to match 1983's total of 10.49m.

The European companies compete fiercely among themselves as well as against the North Americans, preying on one another. In the circumstances it is difficult not to believe that before long there will be another major casualty in the European motor industry.

Sixth sense and plastic panels in car for the 1990s

THERE IS something of a consensus within the motor industry that from about 1990 onwards the average car will be assembled from plastic panels glued to a lightweight metal or alloy frame.

Plastic components, we are told, will also play a significant role in the new engines and transmissions to be introduced in the next decade.

An essential element in this car of the future will be a microcomputer to "manage" the engine and transmission, making sure every split second that both are in perfect harmony so as to maximise road performance while minimising fuel consumption.

And there is the key to all the efforts being made to transform the car of today—the industry is determined to reduce dramatically the car's dependence on fossil fuel.

But there are a variety of other requirements made of the car: a high degree of vehicle safety, low noise and exhaust emissions, good value for money, a high degree of mobility and reliability, good protection against corrosion and low purchase prices, are just a few of the technical challenges the industry must face.

New technology

Toyota predicts, for example, that sensors and actuators built into a system that duplicates the driver's five senses—and maybe even his sixth sense—and make the car respond accordingly are certain to be developed in the not-too-distant future.

"Sensors may well be able to detect oncoming danger, scan road and highway conditions in the immediate area, and trigger emergency stops, "J" turns, spin turns and other drastic measures to ensure the safety of car passengers," Toyota suggests.

Systems are also being developed to provide the car with much more two-way communication with the world around it. New technology will give car passengers full and complete access to all available data and information rather than the present situation where the information is unidirectional via radio, road signs and billboards.

There is a limit to what the driver can cope with, of course, but autonomous guidance systems will in the future be of great help, relieving the driver of some of the burden of finding the way from his starting point to the final destination.

And we are already close to the stage where a microcomputer can monitor all the car's important functions and give the driver information or warnings as necessary.

Whether this will be done by way of synthesised speech or bleeps and buzzes has still to be decided. Initial reaction to today's "talking" cars has been tinged with impatience and Peugeot is one company which has decided to go for other audible warnings rather than "robot-talk."

So far it is not particularly clear which fuel will be most commonly used to power future cars. Chemical substitutes for oil-based fuels—liquefied, gassified and powdered coal; solar-generated hydrogen and even nuclear fusion-generated hydrogen—are all seriously being investigated as energy options.

According to Toyota, the hydrogen engine is considered the most likely candidate in the race for oil alternatives. The Earth's atmosphere and the Earth's water can supply almost unlimited amounts of hydrogen. But in order to make non-polluting, efficient use of it, hydrogen accumulating alloys—another new material—must be further refined.

And before hydrogen can be used in today's engines, the problem of hydrogen-induced metal fatigue must be solved. One possibility is an all-ceramic engine, which would avoid the problem completely.

However, Dr Ulrich Seiffert, Volkswagen's head of research and development, says the use of hydrogen—at least in the medium term—is limited both by the problem of storage (a drawback it shares with electricity) and safety requirements.

"As far as Europe is concerned, the discussion about alternative fuels can be restricted to methanol and LPG (liquefied petroleum gas). The question of future lead-free fuels will also influence the introduction of alternative fuels, simply because large numbers of extra fuels cannot be offered at the filling station," Dr Seiffert points out.

For instance, to sell various grades of unleaded and leaded petrol, each filling station would need five pumps and the tanks to feed them—an expensive proposition.

VW is one of a number of companies which have produced "experimental cars" to give an indication of the way they see future vehicles developing. VW's 2000 in particular showed how today's electronics can be used to "manage" the engine's and transmission's operations.

Toyota, too, with its "TCCS" has shown highly integrated and concentrated control of engine and automatic transmission functions through the use of a microprocessor-based computer. The system incorporated an advanced self-diagnostic capability to allow the engine to operate at the maximum possible level even in the event of some malfunction.

Among the other experimental cars, the Peugeot "Vera" was a car developed in ABS plastic while the Fiat "VSS" had plastic panels fixed to a high-strength, zinc-coated steel frame. BL's "ECV3" fixed the plastic panels to an aluminium frame. Renault and Citroen also have experimental cars on trial which like Peugeot's have attracted financial help from the French government and which rely heavily on plastics.

Plastics have already transformed the car interior — a wide variety is used today — polyurethane for seat cushions, spoilers, steering wheels; PVC for seat and door trim; ABS for interior trim parts and radiator grilles; polyamide 6 and 66 for wheel trims, mirror housings; acrylics for lens covers; polyprolylene for interior trim components, bumper caps, steering wheels, air intake housings, instruments panels; polyesters for grilles; polyacetal for instrument components and chips.

According to a recent Economic Intelligence Unit report, the use of plastic materials in European cars will increase from about 8 per cent by weight in 1982 to 9.5 per cent in 1990, and to 13 per cent by 1995 as more of the material is used for body panels.

Forecasters have also attempted to predict the use of electronics in cars. For example, a recent Frost and Sullivan forecast suggested that the value of electronics used in North American cars will jump from $600m in 1982 to $2.3bn in 1988—thus taking half the total electronics market.

Electronics market

The forecasters estimated that about half the 1988 expenditure would be for drivetrain controls and another 19 per cent would go on instrument display panels.

Nobody expects long-range forecasts to turn out exactly right and there are some substantial obstacles to be overcome before the electronics-plastic car can find its way to market.

For example, engine-transmission management systems would work best with some kind of CVT (continuously variable transmission) in which the transmission ratio can be continuously altered and the torque is transmitted using the contact principle, for instance using link chains.

But so far European car drivers have resolutely resisted a switch to automatic transmissions. The industry hopes this is because of their extra cost and the fuel penalty they have brought in the past. However, the research also shows that many people feel that if driving is to be "fun," the car must have a manual gearchange.

And driving with an electronically "managed" drive-train requires a technique entirely different from that used today. Perhaps the most peculiar phenomenon for today's drivers is the fact that the engina note does not change —because the management systems holds the engine's revs at the same "optimum" point nearly all the time.

As for progress towards the plastic car, designers still have a great deal to learn about the various types of plastic and their uses as engineering materials. The plastics industry has this experience but only recently learned to adapt to the car makers' quality control systems and standards.

Progress has been held up by the proliferation of patented materials and processes offered by the plastics companies. Also there are relatively few large processing companies with the kind of technical capabilities the car makers have come to expect from their major suppliers. After all, the processor has the key function of designing, making and supplying the plastic component to the automotive industry.

Perhaps most important of all, the European motor industry is strapped for cash. Many companies have been suffering losses and hardly any have been making a decent return on capital.

So the need to contain production and investment costs may well hinder the more widespread adoption of plastic for body panels other than for bonnets and boots (trunks) or hatchback panels.

Accordingly, the car makers will be in no desperate hurry to turn their backs on 50-odd years of metal-bashing experience and vast investment in pressing and welding equipment to make way for plastic.

Kenneth Gooding

Record results for the up-market producers

IN A year plagued with problems of poor profitability, and in some cases losses, for Europe's volume car producers, companies operating in more specialised, up-market niches have been enjoying record results.

For Volvo, Saab, Jaguar and Porsche, a major factor in their performance has been the strength of their sales in the North American market—their most valuable — particularly given the circumstances of the highly favourable exchange rate in which they have been operating.

But there are two other significant factors at work:

As the world has begun its move out of recession, led by the U.S., the willingness of wealthy buyers to pay a premium for exclusivity and the "image" associated with such makers' products has become increasingly apparent.

At the same time, advances in production technology, allowing new models and variations on old ones to be introduced at a fraction of the capital investment required previously in production lines dedicated to a single model, have unexpectedly swung the profitability balance in the smaller manufacturers' favour.

Thus while they lack the full economies of scale of manufacturers producing 1m units or more a year, their ability to charge higher margins on their cars, coupled with relatively lower overheads and the new "flexible" production technology, has made nonsense of predictions in the late 1970s that only a handful of the very largest manufacturers would survive into the 1990s.

Volvo provides a good case in point. At the time those predictions were being made, it did indeed look as if Sweden's largest car maker was not long for this world.

While Volvo had a reputation for safety, the cars lacked the image of a Mercedes or BMW, and the company was faced by the twin problems of mounting Japanese competition and soaring oil prices, which at the time appeared to pose a major threat to larger car sales.

Volvo decided, however, that survival lay in moving its entire image up-market. The 200 series cars were upgraded, and Volvo moved firmly into the executive sector two years ago with the launch of its 760 models. At the same time, the 300 range built in Holland underwent a careful upgrading, with its marketing pitched heavily towards quality and high equipment levels, and away from the cut-price philosophy which has marked the majority of small car sales.

The strategy has paid off. Last year, Volvo Car Corporation's profits reached nearly $610m on production of 265,000 units. It became the single most successful European exporter to the U.S. with over 88,000 units sold.

Its performance has been such that it now plans to spend more than $2.5bn on new plants and production facilities over the next five years. By then, it should have enough production capacity to build 425,000 cars a year—roughly the volumes being achieved by Mercedes and BMW in 1982.

The investment programme is by far the largest undertaken by the company. It should lead to one new model (albeit often based on existing ones) every six months over the period.

The position at Saab, part of the large Saab-Scania aerospace and vehicles group, has been very similar. Again, investment in new products throughout the 1970s was low, and increasingly it found its vehicles being overshadowed by the more up-market cars from volume manufacturers.

The decision was taken, if not to abandon entirely the cheap end of the market — represented by its 96 cars — then to concentrate more on developing variants aimed more clearly at the executive sector. The launch of the 99 Turbo — the first successful application of turbocharging by any car-maker — transformed the company image.

Saab considers it is now perceived primarily as a maker of high-performance cars with a reputation closing in on BMW and Mercedes.

It believes that perception will be greatly strengthened at the end of this year with the launch of the Saab 9000, a sophisticated, 16-valve car with fuel injection and a claimed top speed of 137 miles per hour.

The 9000 is Saab's first all-new car for 17 years. But even though it will not go on sale in the U.S. until late next year, Saab's success in improving its image has already shown up in sales there. They increased by 25.3 per cent in 1982, by 42.1 per cent last year and by 35.6 per cent in the first five months of this year.

Overall, Saab's sales rose from 85,000 in 1982 to 95,000 last year. Production rate, 105,000 a year at the start of 1984, is planned to have reached 120,000 by the end of this year.

By putting the retention of reasonable profit margins ahead of sales growth, however, Saab has also fared well financially. For the first time, the group broke down its financial performance by divisions last year—showing up a SKr 821m ($94m) profit for its car division.

Porsche, West Germany's prestige sports car maker, was hit—like other German manufacturers—by the metalworkers' strike in May and June which cost the company production of 5,600 cars. Even so, in its financial year to July it produced 44,775 cars, only 1 per cent below the previous year's total. But its value of sales reached DM 2.49bn ($919m), a rise of 17 per cent — thanks largely to the DM-$ relationship increasing returns from North America, Porsche's largest single market.

Porsche shares with other European luxury car makers anxieties about the U.S. Administration's proposals to remove tax-deductible status from cars costing more than $21,000.

But, like Jaguar, it has been using its increased returns to strengthen its marketing presence in the U.S., following the abandonment of its plans to end its joint distribution agreement with Audi in the U.S. and have "agents" sell the cars on commission.

Porsche provides the classic example of how buyers will pay a hefty premium for a car perceived to be at the "cutting edge" of vehicle technology and with a high degree of engineering integrity. And the company is well aware that to retain its sales appeal it must continue to invest heavily in a new product.

This will show up shortly in the launch of a new turbo-charged version of the 944 model, while plans for a four-wheel-drive version of its rear-engined 911 sports car are well under way.

The most remarkable turn-round in a smaller producer's fortunes, however, has undoubtedly been seen at Jaguar. Recently returned to the private sector from BL, the company has gone from almost being closed down in 1980 because of its losses, poor productivity and worse car quality, to making a £51m profit last year.

Sales have more than doubled from 1980, to an expected 33,000 in the current year. Recently, Jaguar began a recruitment campaign for another 530 workers, bringing its employment back up to 10,000 from the 7,200 low point reached in 1981.

The company's performance has been such that the offer for sale was eight times over-subscribed, valuing Jaguar at £297m. Investors were encouraged by some stockbrokers' reports that profits this year could reach £85.5m: adequate, it is argued, to fund the £70m a year investment Jaguar will need to make to remain competitive.

John Griffiths

Considerable over-capacity in Europe has not deterred manufacturers from trying to capture further shares, as **John Griffiths** reports

New models: a still-widening choice for customers

TWO NEW models, from Opel/Vsuxhall and Renault, emphasise the fact that there is little prospect that the intense competition in Europe's volume cars market will abate for the forseeable future.

Vehicle-producing over-capacity in Europe currently stands at ebout 2.3m units, or nearly 20 per cent of the total. The launch of Renault's replacement for its R5 small hatchback, and Opel/Vauxhall's new Kadett Astra, will do nothing to make the over-capacity diminish.

Both have set highly ambitious targets for sales of their new cars. Opel/Vauxhall plans to build 550,000 a year of its Astra range; Renault plans to build its new 5 at the rate of 2,800 a day—670,000 a year.

And in the slightly larger class in which the Kadett/Astra competes, Volkswagen's Golf 2 looks set to build on its market-leading 442,295 sales of last year—in which, it could be argued, sales were in any case depressed because of the phasing out of the "old" original Golf model.

Spoilt for choice

But if the rash of new models and big-volume production plans are leading towards s potentially major problem for the manufacturers themselves, consumers have never been so spoilt for choice.

Among the cars recently announced, *or for introduction* in the near future:

From **Alfa Romeo,** the "90" series of large saloons, sbout to go on sale on the Continent, and pitched between the Alfetta and the company's largest, and distinctly unsuccessful, saloon, the Alfa 6. The car has engine capacities varying between 1.8 and 2.5 litres. Alfa Romeo plans a new model a year over the next four years.

Audi: Volkswagen's up-market sister company has just launched a revised version of its 80 upper-medium saloon, with some body restyling, improved efficiency and a classification as the "90."

Recently, it unveiled the 200T, a turbocharged version of its 100 executive car—claimed to be one of the world's fastest production saloons with a 144 mph top speed—fitted with four-wheel-drive.

Austin Rover: New models have been coming thick and fast *from BL's volume cars division.* Apart from the Montego saloon, its main contender in the UK fleet market, it launched earlier this year the Rover 200 series, the follow-on model from its Triumph Acclaim produced under licence from Honda, and now based on Honda's Civic range.

Last month, the company announced that the 2-litre fuel injected engine of the MG Montego was being installed in the Maestro hatchbsck to make it a VW Golf GTi contender.

At the Motor Show it is unveiling a revamped Metro, with *a restyled front end* and the option of five doors, together with a seven-seater estate version of the Montego and minor *changes to its* Rover SD1 executive saloon range.

The new model impetus will not slow after the Motor Show. Early in the New Year 6-litre versions of the currently 1.3 Honda-engined Rover 200 will be launched, including a 1.6-litre Vitesse version. There will also be a turbocharged MG Montego aimed at the sporting executive sector.

BMW: The significant strengthening of the West German executive car maker's sales due largely to the success of its smallest 3 series models—which now account for almost half of total production is being complemented with the launch of three models aimed at improving its position in more expensive sectors.

The Motor Show sees the UK launch of the M635CSi, the first four-seater coupe to take BMW *firmly into contention with the* fastest of the exotic "supercars." With a claimed 158 mph performance from a 3.4-litre engine developed from its M1 racing car, its price in the UK will be over £30,000.

The M535i is a 140 mph variant on the 5 series models, also using a 3.4 litre engine, but from the existing 735i saloon. The *third* model *is* the 518i, a fuel-injected model falling just below the 1.8 litre tax bracket.

Citroen: The trend towards higher performance cars shows up in Peugeot's subsidiary with the launch of the CX 25 GTi Turbo, which went on sale in France this month. It is the fastest saloon Citroen has ever built, with a claimed top speed of 136 mph.

Top left: Reliant's new SS1 sports car, filling the gap left by the demise of MG and Triumph sports cars; top right: Austin Rover's restyled Metro and (bottom) the Montego estate with the new Renault Superfive

Fiat this year followed up the Uno hatchback with the Regata, a "booted"—and much modified—version of its larger Ritmo/Strada hatchback. Both have helped Fiat raise its sales in Europe to the point where it is vying with Ford for market leadership and it, too, is planning to produce new models at the rate of at least one a year, with the next up being a replacement for its aged Argenta "executive" car.

In the economy car stakes it has just introduced a four-wheel-drive version of the Panda which is now the cheapest four-wheel-drive car available *from* a European manufacturer.

Ford: One of the notable introductions this year was of diesel-engined Escorts and Fiestas, using a 1.6-litre unit in which Ford invested £140m to produce at Dagenham.

Growing market

The cars were launched in the expectation that diesels will continue to take a growing share of total European car sales, *having already reached* over 10 per cent. What have not materialised, however, are Fiestas fitted with continuously variable transmissions, which *Ford had hoped* to have on the market by the end of this year.

The transmission, developed with Van Doorne of Holland and planned to be used by Fiat as well, is proving difficult to produce in commercial quantities but Ford hopes to have its model on sale by August of next year.

Meanwhile, it is just launching revised versions of its Sierra medium saloon.

Next yesr should see the launch of Ford's long-awaited replacement for its ageing executive car, the Granada,

Honda: With its collaboration with Austin Rover on new joint executive cars (dubbed ARX and HX in their UK and Japanese versions) moving towards production lste next year, Honda is expected shortly to move further into the executive sector with its existing cars—by means of *a 2 litre* version of its Prelude coupe.

Jaguar's new XJ40 saloon is not expected until next year. Bnt disguised prototypes seen on the road confirm that it is no smaller than the existing car, and that leather and walnut interior trim will continue to be used.

Meanwhile, demand for Jaguar's Cabrio open-topped XJS *coupe* has been *such* that production is being moved from Frazer Tickford, where cars have been converted on a subcontract basis, to Jaguar's own plant in Coventry.

Lancia next month will launch its new executive car, the Thema. It is one of the variants of the "Type Four" collaborative project which will see also *cars from* Saab, Fiat and Alfa Romeo. Lancia's range has already undergone considerable strengthening in the past year, the most recent model being a 122mph version of its Delta hatchback, the Delta HF Turbo.

Lotus will not introduce its X100 "cheap"—i.e. under £10,000—sports car until 1986 at earliest (it will be front-engined). But considerable improvements to its current model line up are being unveiled at the UK motor show.

Mercedes has now built well over 200,000 of its Sierra-sized 190 models launched at the end of 1982, and is expanding the range's appeal with a high-performance, 16-valve model, the 190E 2.3-16 using a cylinder *head developed by Cosworth* Engineering, the UK company which built the world's most successful grand prix engine. Mercedes plans to build about 7,000 a year of the 145 mph cars, which go on sale in the UK early next year.

It is also close to launching its 240 series replacement for its mid-range 200 cars. The new models are expected to follow closely the wedge shape of the 190.

Mitsubishi has renewed almost its entire range in the past 12 months, the *latest arrival* being a new almost from the ground up upper-medium saloon, the Galant.

Coupe

Morgan, the specialist UK *producer of 1930s-type sports cars,* has added a new model using Rover's 3.5 litre Vitesse engine—the fastest car it has ever built.

Nissan has strengthened its attack on the executive/sporting car market with its 300ZX coupe, which in turbocharged form is claimed to be capsble of 150 mph, and its Silvia coupe, a 130 mph turbocharged four-seater coupe aimed at the £9,000 sector.

Opel/Vauxhall, apart from the introduction of the Kadett/Astra, is making mostly minor revisions to the rest of its product range for 1985. These include a new four-speed automatic transmission with lock-up *converter for its Opel Monza* coupe and Senator executive cars, and anti-skid braking as sn optional extra. Vauxhall's name is being reintroduced on the Senator in the UK.

The Opel Rekord/Vauxhall Carlton medium executive saloons, which have seen a big sales upsurge since they were restyled two years ago, are being modified to meet criticisms of lack of power by the introduction of a 2.2 litre engine instead of a 2 litre unit.

Peugeot, the major French cars gronp is now stemming its losses, thanks not least to the highly successful launch of its 205 "supermini," which knocked the old Renault 5 off its best-seller's perch in France last year, and which is now being produced at almost double the original annual target volume of 250,000 units.

Earlier this month, the company took its 305 medium saloon further up-market, with a 113 mph GTX version of 1.9 litres.

Much interest is focussed on the C28 range of new medium cars the company is to produce—in the UK as well as France—from the middle of next year.

Porsche, West Germany's luxury *sports* car maker, is shortly expected to launch a turbocharged version of its 944 two-plus-two coupe.

Renault's long-awaited new R5, unveiled at the Paris motor show earlier this month, retains a visual link with its predecessor but has more interior room, a larger window area and considerably improved fuel efficiency. Renault is pricing it aggressively, the cheapest model being pitched below Peugeot's 205.

The range is very wide, and includes a turbocharged sports model. At the other extreme, Renault is claiming that the R5 has the world's lowest consumption for a petrol-engined car—68.9 mpg at a steady 56 mph.

Little less significant for Renault has been the introduction of its "25" range of executive saloons, its first in the sector for nine years.

As of this month, it has extended the 25 range—seen first as a competitor to Ford's *Granada,* Opel's Senator, Audi's 100 and BL's Rover saloons—into the very high perofrmance bracket, with a 140 mph turbo-charged V6 model.

Renault has also made a hit with its Espace, a seven-seater "people carrier" resembling a van with a sharply-raked front, being produced in collaboration with Matra, the French aerospace giant. *Initial plans* were to produce about 10,000 a year but demand has been such that up to 40,000 a year may be produced.

Rolls-Royce will be showing at Birmingham its cheapest Bentley 8 and much more expensive Bentley Continental models, launched in the summer as part of a drive to promote the Bentley marque—which used to account for nine out of ten sales by the company.

Executive class

Saab is launching it first all-new car for 17 years, the 9000, which takes the company into a market sector occupied by the likes of Jaguar and the more up-market cars from BMW and Mercedes. The 137-mph car will be built at an initial rate of 10,000 units a year, rising to 25,000 a year in 1986. It will go on sale in Europe in January.

Toyota, Japan's largest car maker, is just starting imports to Europe of the MR2, the company's first venture into the *two-seater sports car market.* The 130-mph, mid-engined, 1.6-litre car uses a 16-valve engine from Toyota's Corolla coupe.

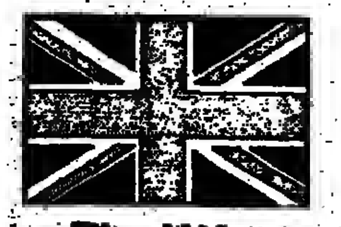
Volkswagen, with its new Golf still piling up sales and recently reinforced by the launch of the "booted" Jetta version, has taken its Scirocco coupe further upmarket with a "Storm" version equipped with aero-*dynamic aids and high specifica*tion including leather upholstery.

Shortly, the Scirocco and Golf will take another step up the performance ladder with the introduction of a 16-valve, 135 bhp engine which should take both into the 130 mph bracket.

The company also unveiled at the Paris motor show its first four-wheel-drive machine, a variant on the Passat estate called the Syncro. It uses the permanently engaged 4wd system developed by Audi and is aimed, says VW, at improving safety and handling on ordinary roads rather than providing off-road ability. There are reports, too, of plans for 4wd availability on the Golf GTi.

There is little let-up in the pressure from imports, as **Kenneth Gooding** reports

Still struggling to compete



The UK

A GREAT DEAL of money and much effort has been spent to nurse the UK motor industry back to health from its near-fatal sickness of the 1960s. Much has been achieved, but the industry is still a very sorry sight when compared with those of other countries.

For example, Britain is the only major European production country which perenially is in the red on its car trade with the rest of the world, one important indicator of its ability to compete.

In 1983, when sales of imported cars in the UK topped 1m for the first time, Britain's deficit in car trade was £2.69bn, a 40 per cent worsening from the £1.944bn the previous year.

Car exports dropped from 313,025 units worth £932m to 273,615 worth £959m. Imports rose from 934,140 worth £2.876bn to 1,075,835 worth £3.649bn.

In the first half of this year the position eased but only slightly. Car imports were worth £1.931bn compared with £1.986bn in the same months of 1983. Exports improved from £447m to £517m, leaving an adverse trade balance down from £1.539bn to £1.414bn for the six months.

An alarmed UK Government has been pressing the two major importers, Ford and General Motors (the Vauxhall-Opel group), to build more cars in Britain rather than import them from their Continental factories.

And Ford has promised to comply, but the chairman of Ford of Britain, Mr Sam Toy, says his company cannot hope to get back to a positive balance-of-payments position until 1988—at the earliest.

Imported cars accounted for 46.28 per cent of Ford's total sales in Britain last year. By the end of September the proportion was down to just over 41 per cent.

General Motors' rapid sales improvement, however, has been almost entirely at the expense of imports. Last year over 53 per cent of its total sales were imported cars. By the end of September the import content was nearly 58 per cent.

In the first half of this year GM boosted its share of *Britain's car market from* 14.18 per cent to 17.61 per cent and its registrations rose from 130,652 to 166,251. Yet in the same period, the group's car assembly at Luton and Ellesmere Port on Merseyside fell from 68,975 to 67,698.

GM has told the UK government that its patience will be rewarded now that the new Vauxhall Astra has gone into production at Ellesmere Port. As output builds up there, so the imported content of GM's sales should come down to *nearer the Ford level.*

Fall in output

In the meantime there is every sign that Britain's car output this year will drop back below 1m again after topping that level in 1983 for the first time since 1979.

In particular, Austin Rover, BL's volume car subsidiary, is having a hard time this year. After pushing up output from 369,840 in 1982 to 433,183 last year, Austin Rover suffered a *13.5 per cent drop in the first* half of 1984—from 219,080 to 189,380.

The company actually increased its UK sales during the half-year but has found that, although it might have some attractive new cars, its dealer network on the Continent is too weak to take advantage and its sales in markets such in Italy have been mangled by the bloody price wars which have developed there.

A recent reshuffle of the sales and marketing team to centralise the efforts being made outside the UK (and to try to find the right formula to re-enter the U.S. market) shows Austin Rover realises where its problems lie.

And the scheme to have its cars sold as "*own-brand*" products by the Massa supermarket chain in West Germany shows Austin Rover is not against attempting an innovative approach when tackling the Continental markets.

But Austin Rover remains in the unfortunate position of being the producer of a full range of cars which must compete with companies such as Fiat, Volkswagen and Renault which produce over 1m cars a year each, yet *without* having the distinctive image of, say, BMW, Saab or Volvo which enables those companies to survive and make profit on relatively low levels of output.

Ford has also fallen back this year after increasing car production in the UK from 306,635 in 1982 to 318,675 last year. The company's output in the January-June period this year dropped by nearly 4 per cent, from 174,140 to 167,300.

GM was a long way behind both Ford and Austin Rover last year with output up from 112,669 to 126,524 cars but as previously mentioned, also retreated in the first half of 1984.

Ironically, if Britain's car production is to top 1m again, the Iranians must continue to find ways of paying for the car kits they take from Talbot UK, the Peugeot subsidiary. In 1983 the Iranians found the cash and Talbot's output was boosted from 56,235 to 120,505 cars.

There was another hiccup in *the provision of letters of credit* by Iran earlier this year and as a result Talbot's car output was down from 66,775 to 56,840.

Once again, the UK Government has been told that in Talbot's case it must also wait for some time before the company's output for the British market improves. A £20m programme to modernise the Talbot facilities in Britain is under way and the company will build a new range of cars—of medium-size—at the Ryton, Coventry, factory which currently produces the relatively ancient Horizon, Solara and Alpine models.

The new car, code-named C28, should put in an appearance late next year.

If the British Government had had its way, car output this year would have been considerably boosted by a major Nissan plant, pouring out cars at the rate of 100,000 a year.

But Nissan's internal battles—Mr Katsuji Kawamata, the 79-year-old chairman was implacably opposed to the scheme *which he thought might* turn into a white elephant—delayed the decision for two years.

Nissan has only just begun preparing its UK site at Washington, Tyne and Wear, for a token assembly facility to produce 24,000 cars a year from Japanese kits. The project might go to a second stage—many Nissan executives enthusiastically support that idea—but will not contribute significantly to UK car output or exports until the end of this decade.

The non-appearance of Nissan has given Austin Rover one less potential headache in its domestic market where the battling American giants, Ford and GM, threaten to squeeze it severely.

After a brief respite in the price wars in the autumn of 1983 and spring this year, Ford has returned to the fray with forceful dealer incentive programme which threatens to spark off a battle even worse than one which shook the UK *trade in the summer last year.* As a result car sales this year could come close to matching 1983's record 1.79m.

Certainly Ford is determined to maintain its share within striking distance of the 30 per cent it believes it needs to justify the investment it has made in new models and to keep its dealer network in a healthy state.

GM, whose penetration was below 9 per cent three years ago, expects to reach about 18 per cent next year and 20 per cent soon after.

In the circumstances Austin Rover has had to run very hard to stay on the same spot. It has stabilised its position but, even the much-heralded Montego—designed to appeal particularly to fleet buyers — has so far failed to help Austin Rover establish the 20 per cent market *share which is so psychologic*ally important to its dealers and to the company itself.

Perhaps the saddest reflection of the state of the UK industry is that this year it has felt it necessary to start a £1m campaign to improve its image and to establish in the minds of the public its importance to the UK economy.

But, in the final analysis, the average customer's view of the industry is what they see at the local car dealer and their perceptions are influenced by how the dealer treats them. And all the research shows that car dealers have an exceptionally poor image as far as the British public is concerned.

The industry needs all the public support it can get because looming up are Common Market regulations which are designed to please consumers but, if the car makers are to be believed, could decimate the British industry.

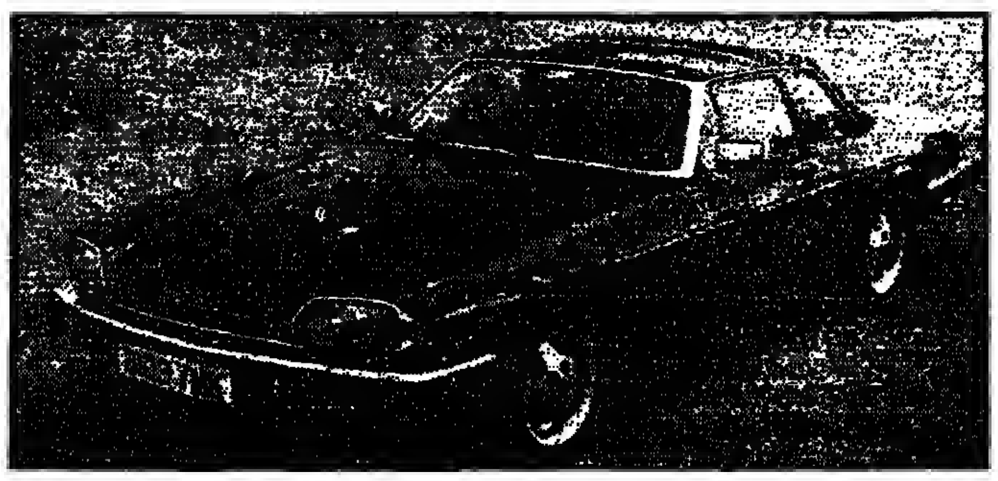
The EEC seems determined to enact regulations which would have the effect of keep*ing prices within* a 12 per cent band throughout the Community.

In an 800-page study of the European industry's prospects published earlier this year, Prof. Krish Bhaskar, Professor of Finance and Accounting at the University of East Anglia, warned that up to 3m motor industry-related jobs in Europe were at risk if the EEC's proposals were implemented in full. And he indicated that Austin Rover's prospects of returning to profit — or even *surviving—would be very dim* indeed.

UK car production

	1982	1983	1984 first half
Austin Rover	369,839	433,163	189,378
Jaguar/Daimler	22,042	27,977	17,182
Range Rover	13,235	12,181	5,428
Total BL	405,116	473,344	211,988
Carbodies	1,864	2,171	773
Ford	306,635	318,674	167,299
Talbot UK	56,235	120,503	56,839
Vauxhall (GM)	112,669	126,524	67,698
DeLorean	1,333	0	0
Lotus	572	642	442
Reliant	87	105	58
Rolls-Royce/Bentley	2,489	1,568	1,097
TVR	121	291	169
Others	558	778	530
Total	887,679	1,044,597	506,893

Source: SMMT



Jaguar's XJS 3.6 Cabriolet coupe: production is being transferred from the subcontractor to the factory to meet demand

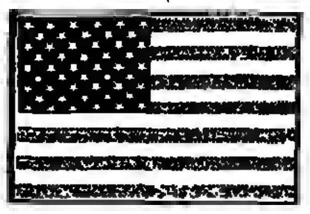
World vehicle production

	1983 Total	1983 Passenger cars	1983 Commercial vehicles	1982 Total	1982 Passenger cars	1982 Commercial vehicles
General Motors—U.S.	6,150,188	4,869,672	1,280,436	6,667,412	5,497,052	1,170,360
Ford Motor—U.S.	4,004,433	2,867,723	1,136,710	4,111,942	3,093,212	1,018,730
Toyota—Japan	3,147,262	2,258,253	889,009	3,224,433	2,248,171	976,317
Nissan—Japan	2,512,309	1,864,616	647,693	2,700,461	1,911,700	788,761
Renault—France	2,105,358	1,845,995	259,363	1,892,593	1,632,544	260,049
Volkswagen—W. Germany	2,079,246	1,902,942	176,304	2,211,514	1,996,247	215,267
Peugeot—France	1,689,016	1,503,423	185,593	1,790,665	1,579,193	211,472
Fiat—Italy	1,619,413	1,328,637	290,776	1,574,415	1,254,777	319,638
Toyo Kogyo—Japan	1,110,164	824,247	285,917	1,176,608	840,630	335,978
Chrysler—U.S.	1,040,904	789,079	251,825	1,112,242	876,033	236,209
Honda—Japan	1,021,578	861,243	160,335	1,008,927	852,177	156,750
Mitsubishi—Japan	969,445	572,644	396,801	1,094,793	606,883	487,910
Lada—USSR	800,000	800,000	—	830,000	830,000	—
Daimler-Benz—W. Germany	689,648	465,503	224,145	701,358	449,010	252,348
Suzuki—Japan	603,153	113,881	489,272	578,876	94,785	484,091
Fuji—Japan	513,506	201,388	312,118	472,639	190,451	282,188
Leyland—UK	509,421	405,116	104,305	513,959	413,440	100,519
Daihatsu—Japan	464,245	127,619	336,626	473,254	147,219	325,035
Isuzu—Japan	404,871	113,299	291,572	457,242	129,564	327,678
BMW—W. Germany	362,607	362,607	—	337,757	337,757	—
Volvo—Sweden	347,304	312,016	35,288	310,363	278,385	31,978
Polski Fiat—Poland	238,389	238,389	—	250,515	250,515	—
American Motors—U.S.	225,362	139,890	85,472	239,058	146,810	92,248
Skoda—Czechoslovakia	220,000	170,000	50,000	232,000	178,000	54,000
Moskvitch—USSR	205,000	205,000	—	235,000	235,000	—
Alfa Romeo—Italy	189,722	188,773	949	198,657	197,287	1,370
Zaz Zaporojets—USSR	180,000	180,000	—	155,000	155,000	—
Zastava—Yugoslavia	163,929	153,644	10,285	194,003	184,817	9,186
GAZ Volga—USSR	130,000	130,000	—	130,000	130,000	—
Saab-Scania—Sweden	108,183	83,556	24,627	95,577	66,392	29,185
Hyundai—South Korea	90,983	78,071	12,912	70,051	52,961	17,090
Hino—Japan	61,445	—	61,445	69,276	—	69,276
International Harvester—U.S.	57,877	—	57,877	76,362	—	76,362
Kia—South Korea	43,266	535	42,731	36,039	4,753	31,286
Porsche—W. Germany	36,329	36,329	—	31,734	31,734	—
IMV—Yugoslavia	31,614	31,302	312	30,056	28,859	1,197
Saehan—South Korea	22,796	14,845	7,951	20,411	8,888	11,523
De Tomaso-Innocenti—Italy	21,729	21,729	—	23,261	23,261	—
MAN—W. Germany	20,013	—	20,013	25,473	—	25,473
UNIS—Yugoslavia	19,723	16,510	3,213	21,188	21,188	—
Total 40 manufacturers	34,210,351	26,078,476	8,131,875	35,374,369	26,974,695	8,399,674
Others	1,878,007	536,180	1,341,827	1,855,686	438,097	1,372,589
Total production	36,088,358	26,614,656	9,473,702	37,230,055	27,457,792	9,772,263
SUMMARY OF WORLD PRODUCTION						
North American companies	11,478,684	8,666,364	2,812,320	12,207,016	9,613,707	2,593,309
Japanese companies	10,807,978	6,937,190	3,870,788	11,255,561	7,021,580	4,233,984
W. European companies	9,777,989	8,456,626	1,321,363	9,707,526	8,260,027	1,447,499
E. European companies	1,988,655	1,924,845	63,810	2,077,762	2,013,379	64,383

Source: Motor Vehicle Manufacturers Association of the U.S.

Manufacturers still benefiting from restrictions on Japanese imports

Higher sales and record profits



The U.S.

EVERYTHING IS going right in the U.S. motor industry at present. Sales are continuing to grow, costs are being kept under control, the investment cycle is well past its high point, and manufacturers' profits are still benefiting from the restrictions on imports of Japanese cars.

It is also beginning to look as though the big two producers—General Motors and Ford—may well emerge from the current round of labour negotiations with the kind of contracts that will allow them a great deal of production flexibility over the next three years. A degree of freedom to reorganise without union restrictions is what the companies have been looking for above all from the negotiations. Barring an unexpected rank and file protest, they should achieve it.

The result of all these elements coming together so fortuitously will be record profits this year. The earnings figures for GM, Ford and Chrysler combined could well top out at about $11bn, well in excess of the aggregate $6.2bn notched up in 1983—itself a record year.

Even Chrysler, which was on the rocks, totally holed and leaking badly only three years ago, will run up after-tax profits of about $2.4bn, although this will be helped by its enormous tax loss carryforwards.

Just one measure of the new-found financial health of the big companies is their growing liquidity. General Motors, which was forced to sell its headquarters building in New York during the cash squeeze in the early 1980s, had well over $6bn in cash at the end of 1983, while Ford had cash balances at the end of June of $4.5bn.

Yet the questions about the longer-term future of the industry remain. How competitive is it and how efficiently could it cope with the abolition of the tariffs of Japanese cars?

Despite the gains in productivity and quality which have been achieved in the past three years, executives in the U.S. industry still admit that Japanese manufacturers are generally more competitive. United States labour costs remain higher, in some cases by as much as 50 per cent, and the degree of automation in U.S. factories is certainly no higher than across the Pacific.

The U.S.-built version of the Ford Escort. It may look similar to the European model, but few of its parts are interchangeable.

American critics also argue that the Japanese car manufacturers produce higher-quality products, even though the American companies have made great strides in this field. Indeed, most consumer surveys indicate that much higher marks are given to the Japanese.

These weaknesses in the U.S. armour are particularly visible in the area where they are in the most direct competition—small cars. The recovery in industry profits, and a substantial part of the gain in car sales in the past two years, has come in the medium to large car sector, where margins also tend to be higher.

As if to underscore this small car problem, GM publicly abandoned its plans to introduce a new small car last year, while launching an ambitious, but relatively long-term project to find a viable replacement.

The programme, dubbed Saturn, is designed to get the group back in the small car race by launching revolutionary methods of production that are an open admission that the old systems have failed the company. It is by no means clear that the ideas, based on cellular sub-assembly rather than conventional production lines, will work, even though the company has given a commitment to the United Auto Workers' Union to go ahead.

Watching these manoeuvres, motor industry experts in the U.S. believe that it is still scarcely capable of standing up to an unrestrained assault from Japan. It is widely argued that if the Japanese manufacturers were allowed completely free entry, they would almost certainly by creeping up to a market share of around 40 per cent by the middle of this decade against about 22 per cent at present.

On the other hand, the indications are that the Japanese have themselves come to the conclusion that they will never again be in a position to launch such an invasion, as they did in the 1960s and 1970s.

Strategy

The existence of the informal quota of around 1.8m cars a year has been followed by a change in the Japanese strategy. Virtually all the leading motor manufacturers in Japan now have plants in the U.S., and the outstanding absentee—Mitsubishi—is considering a similar venture, probably in partnership with Chrysler. The level of commitment to these projects is now so high that it is difficult to envisage a withdrawal.

With the move to on-shore U.S. manufacturing, the nature of the challenge from Japan has changed, not disappeared. The U.S. producers still have to cope with the very large numbers of imported cars in the quota—and they are also having to face a steadily rising number of cars made by Japanese manufacturers in the U.S.

So far, this capacity is limited, but it is increasing. Honda will make about 130,000 cars in the U.S. this year, while Nissan is putting in capacity for another 100,000, and a joint plant owned by GM and Toyota, but producing a Toyota-designed car, will come into production next year to make about 250,000 units.

By producing in the U.S., the Japanese are answering the American companies' complaints that they were not competing, as they put it, "on a level playing field." The Japanese no longer have any currency or tax advantages which, according to the Americans, can give them an advantage of between $1,000 and $1,500 on the wholesale price of a small car.

Even so, a challenge remains. The Japanese have mostly (with the exception of Toyota) kept away from the highly-unionised parts of the country, installing their plants in areas where they have been able to introduce exactly what they wanted in terms of flexible manufacturing systems.

The effect of these changes in strategy will be to break down the comfortable oligopoly enjoyed by the American manufacturers in their own market during the post-war era. The output of the Big Three peaked many years ago now, back in 1973. Although aggregate production will rise again to these levels, pushed by the natural expansion of the market, it is likely to be some years before the Big Three can pull back up to their former levels because protection has fragmented into more hands.

Joint projects

Even so, the shock of Japanese competition and the dramatic financial crisis in 1980-81 has clearly shaken up the U.S. companies. To tackle the small car problem, they are all considering similar joint projects to the one between GM and Toyota—Ford with Mazda, and Chrysler with Mitsubishi.

They are also increasing the volume of production by buying in both components and cars from lower-cost outside suppliers. And they are all speeding up the pace of automation. Indeed, the Massachusetts Institute of Technology suggested recently that U.S. producers might be able to get ahead of their Japanese and European competitors by making a technological leap which eschews intermediate techniques.

It is in this context that this year's round of labour contract talks is so important. To introduce these changes, and to compete with the Japanese and other Far Eastern suppliers, the U.S. producers need both to stop the rapid escalation in the real cost of wages and benefits while stepping up changes in their production methods.

The GM deal has gone some way towards this. It has made pay much more dependent on both the profitability of the company (through profit sharing), and on individual performance (through increasing differentials for skilled workers and extra payments for good attendance).

This clearly will not be enough to bridge the gap between U.S. production costs and those of the Far East, particularly in the nascent industry of South Korea. But it is a beginning on a new road for the U.S. industry.

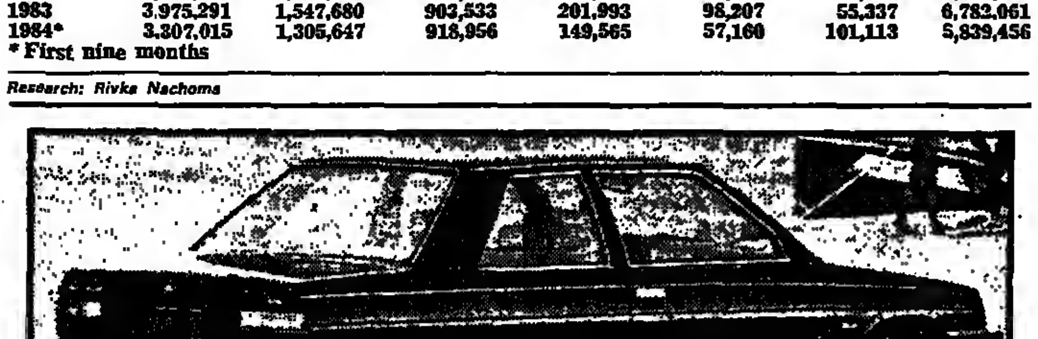
Terry Dodsworth

U.S. Car production

	GM	Ford	Chrysler	AMC	VWA	Honda	Industry Total
1979	5,092,614	2,043,014	928,618	189,636	172,132	—	8,422,074
1980	4,064,546	1,306,950	638,974	164,728	197,106	—	6,372,204
1981	3,904,083	1,320,198	749,648	109,319	167,755	—	6,251,063
1982	3,173,145	1,104,075	600,502	109,746	84,246	1,500	5,073,214
1983	3,975,291	1,547,680	902,533	201,993	98,207	55,337	6,782,061
1984*	3,307,015	1,305,647	918,956	149,565	57,160	101,113	5,839,456

*First nine months

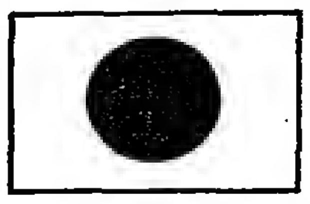
Research: Rivka Nachoma



The Renault Alliance is the U.S.-produced version of the lower-medium 9 saloon. Its name reflects Renault's involvement with American Motors Corporation, in which it holds a 46 per cent stake

Toyota's FX-1, to be shown at the Birmingham Motor Show, will never go into production but the company claims that many of the innovations it contains such as new materials and a computer-controlled suspension system eventually could find their way into production models

More cars to sell in home price war



Japan

THE JAPANESE car makers this year have been beset by a price war in their domestic market of unprecedented ferocity. A strong yen has made exporting much more difficult and they are faced with restrictions on the number of cars they can export to their biggest market, the U.S.

Yet car production in Japan should rise to a new peak this year, exceeding the 1983 performance of 7.15m by perhaps 1 per cent.

This shows the Japanese producers' strength in the face of adversity and gives good reason for the belief that their share of world car output is unlikely to drop below the 28 per cent to 29 per cent at which it has been firmly established.

The Japanese car market is in turmoil because the long-established balance of power between the two domestic giants, Toyota and Nissan has been temporarily disturbed.

Toyota has capitalised on several important new model introductions, including a new version of its best-selling Corolla but Nissan has suffered from some weakness in the middle of its product line-up because the Stanza was not the success the company hoped it would be.

So the gap between Toyota at the top of the sales charts with a share of about 40 per cent and Nissan has widened from 7 per cent to 10 per cent. Nissan is determined to recover the lost ground.

Honda, which has made steady progress and is now neck-and-neck with Mazda contesting third place, Mitsubishi and the other manufacturers have all had to react to the new competitive environment.

In the circumstances, the prospects for imported cars to make any headway seem dimmer than ever. Last year imports at 35,285 accounted for only 0.7 per cent of the 3.135m cars registered in Japan.

However, a major effort by BMW of West Germany which has taken over its own import business in Japan helped lift total imports by 20 per cent to 20,240 in the first half of 1984—the first time imports had made any advance since 1979.

BMW's sales rose 56 per cent in the first half compared with the same months of 1983 to 4,180—an indication of the small numbers involved.

A new element has recently entered the market now that Nissan has begun assembly of the Volkswagen Santana. Mr Carl Hahn, VW's chairman, says that Nissan has been taken by surprise by the excellent acceptance of the Japanese-German car. He expects about 20,000 will be sold this year "which with our imports will give us 1½ per cent of the Japanese market."

Britain's State-owned Austin Rover will tackle the Japanese market is a similar way, starting in 1986 when the luxury car, code-named XX and jointly developed with Honda, will be produced for the UK company by Honda in Japan.

Like VW, Austin Rover expects that the locally-made models will help it strengthen its dealer network in Japan and thus boost imports too.

Japan has been exporting about half its car output but knows it cannot expect growth to continue at the same pace as in the past because of the protectionism that provokes.

The import limitations slapped on Japanese cars by the U.S. and, a couple of years ago, by West Germany, shows that there is a limit to what even the most ardent free-trading nations will tolerate when a large employer such as the local motor industry appears to be under threat.

So the main thrust for growth from now on by the Japanese will be overseas assembly and joint ventures. But, as the Economist Intelligence Unit pointed out recently, because the Japanese prefer to supply as much of the content of vehicles as possible from Japan, exports of knocked-down vehicle kits is growing rapidly — from 565,220 to a forecast 650,000 this year and to 750,000 in 1985, according to the EIU.

Nissan and Honda have already started projects to assemble cars in the U.S. to protect their positions there. Toyota has a joint venture with General Motors, largest of the American groups, to build cars at a disused GM factory in California. Mitsubishi and Mazda have both been looking for potential production sites in the States.

In Europe, Honda has its joint production deal with Austin Rover, Nissan intends to start assembling kits in the UK — a project which might develop into full-scale manufacturing by the end of the decade—has joint project with Alfa Romeo in Italy and now has a majority shareholding in the Spanish commercial vehicle producer Motor Iberica.

The Japanese industry is now committed to alleviating trade friction by moving assembly offshore. As Nissan's executive vice president Mr Yoshitada Uchiyama, says about his company's approach: "We want to manufacture where we sell, especially in our larger markets so that we can contribute to the local economy, industry and employment."

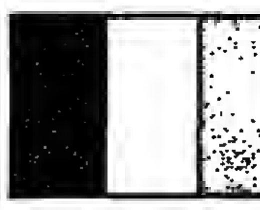
Kenneth Gooding

Japanese car production

	'000 units	Change over previous period '000 units	%
1979	6,175	200	3.3
1980	7,040	862	14.6
1991	6,975	−64	−0.9
1982	6,880	−92	−1.3
1983	7,150	270	3.2

Source: Economist Intelligence Unit

Major industrial sector at a turning point



France

THE FRENCH motor industry has arrived at a key turning point. The industry, which directly and indirectly empolys one out of every ten working men in France, is at the centre of the Socialist government's industrial worries.

It has become, in some respects, the most eloquent symbol of the government's efforts to modernise and restructure the country's major traditional industrial sectors.

Both the country's two domestic car manufacturers — the state-owned Renault group and the private Peugeot concern which embraces the Peugeot, Talbot and Citroen car marques — are in the throes of major restructuring programmes involving large-scale job reductions.

And despite the pressure from the labour unions and the Communist Party, which has now withdrawn from the governing coalition, the chairmen of both car groups made it clear during the October Paris Motor Show that without restructuring, without reducing employment and without achieving productivity gains of the order of 7 or 8 per cent a year, the French car industry would find it difficult to remain at the top of the world league.

But despite the profound preoccupations of the industry, which have not been helped by a 12 per cent decline in the domestic market so far this year, the worst may now be over. At least, that seems to be the view of the two French car makers.

New registrations on the domestic market are expected to total about 1.8m vehicles this year or about 200,000 cars fewer than in 1983. The industry is in fact expecting a pick-up in the domestic market in the last period of the year which would result in an overall market decline of around 10 per cent for the year. This in turn would be an improvement on the current level of registration.

The two car makers have also made significant progress in renewing their car ranges. Renault, which hit a low point in terms of market penetration this year, will have brought out two new models this year—the top-of-the-line R-25 and in the last weeks the new R-5 mini car called "superfive."

Peugeot, after its traumatic labour troubles at Talbot, has been reaping the fruits of the commercial success of its Peugeot 205 supermini which will be produced at a rate of 2,000 cars a day by December. This is a record for the company.

Renault, which has a major part of its recovery staked on the new Superfive, also claims that a slow improvement is beginning to be felt in its loss-ridden truck division.

After a ferocious price war in the domestic truck market where, according to a Renault executive, all the manufacturers engaged in "collective suicide," the situation has become a bit more normal. Nonetheless, Renault's truck operations lost FFr 1.4bn ($152m) in the first half of this year.

For both French car makers, the two key problems to ensure a lasting recovery involve the size of their workforce and their ability to improve their financial position. Peugeot was the first to tackle the job problems and was forced to make several thousand redundancies in the past two years, sparking off a major labour conflict.

In anticipation of similar moves by Renault, the trade unions this autumn disrupted production at major plants of the state car maker. However, Renault pledged it would not make any compulsory redundancies but would seek to reduce its workforce by a major long-term retraining and relocation programme, early retirements, voluntary incentives and other socially acceptable methods.

But if the unions, the government, the employees of the car companies have shown a collective maturity to face the painful restructuring problem, the issue has just begun to be tackled by the industry. The test will come in the next months to see whether the sector can successfully adapt, modernise and transform itself along with the evolution of the car industry in general.

As M Bernard Hanon, chairman of Renault, remarked, this is a continuous evolutionary process. And in view of the huge role the car industry plays in the French economy, the risk is that the restructuring programmes will again become embroiled in broader political conflicts.

For the car makers, their balance sheet problems are also crucial. Renault this year saw its losses swell in the first half to FFr 3.6bn after a deficit of FFr 1.6bn for the whole of last year.

Unlike last year, the losses were not only confined to truck and farm equipment operations but also to the car division. Peugeot, which had hoped to break even this year after accumulated losses of FFr 8bn in the past four years, will again report a deficit, although it is likely to be significantly lower than in 1983 when the group had a net loss of FFr 2.59bn.

Both companies have seen their debts increase heavily to the point that their indebtedness is about double that of its main rivals. The companies, which claim they have made no sacrifices in their investments to renew their range and modernise their facilities, clearly are in urgent need to improve their financial situation to guarantee future investments.

The French Government is generally expected to support the industry's restructuring efforts and attempts to find a sounder financial footing. But the Government has also indicated it does not have much room to manoeuvre on the budgetary front at a time of continuing economic restraint in France.

Nonetheless, the two car groups both received loans from the government's recently set up Industrial Modernisation Fund. Renault is now negotiating a capital increase with its only shareholder, the government, and is envisaging issuing new non-voting loan stock.

However, the two companies are hoping that their new models will help generate some cash flow, although they have few illusions about the strength of the European car market in the near future to sustain sharply higher volumes.

But despite the uncertainties facing the industry in coming months, there appears to be a cautious feeling of greater optimism in the industry. The dismal declining trend of past months appears to be finally turning and the car makers say that it is now misleading still to talk about the French car industry in too catastrophic terms.

Not that the problems have gone—far from it—but a little light seems to be flickering at the end of the long tunnel, for the moment at least.

Paul Betts

French car production

	1983 1st 9 months	1984 1st 8 months	
	1,920,288	1,758,052	(− 8.4%)
French car exports:	1,029,768	1,004,607	(− 2.4%)
Total new registrations: ...	1,339,735	1,176,452	(−12.2%)

Source: CSCA

Cautious forecasts after the troubles

W. Germany

EXECUTIVES OF THE West German motor vehicle industry gathered in Baden-Baden recently to review the somewhat traumatic events of this year and to peer into the still clouded crystal ball for a sign of things to come next year.

Baden-Baden, set in a brisk if not chilly atmosphere in southern Germany, is one of those elegant spa towns renowned as a conference centre and as a resort for invigorating health cures.

Its choice for the recent gathering is perhaps not without some unconscious symbolism, in view of the nerve-shattering experiences which the motor vehicle industry has been going through.

This year has come like a cold shower to West German vehicle makers, who have been jolted by the labour conflict over shorter working hours and by wrangling and uncertainty in the controversy over plans to tighten car emission controls.

Vigorous

But judging by the vigorous attempts to make up some of the production lost during the seven-week labour dispute and by resolute avowals to fulfil latest emission control plans, the therapeutic effects of this year's troubles seem to be outweighing the shocks to the system.

Even so, the industry is more than usually reticent about forecasting the coming year as the domestic market in particular is still surrounded by uncertainties.

There have been signs this year that potential buyers have been confused and cautious. For some time there was concern that the labour conflict might seriously upset economic growth prospects, and although these worries have ebbed, the emission control controversy has remained an unsettling factor.

The public debate — and political manoeuvring — about emission controls has been going on ever since Herr Friedrich Zimmermann, the Interior Minister, took a surprise initiative in summer of last year.

His initial plan was purely and simply that no new car should be registered in West Germany after January 1, 1986, unless it was fitted with a catalytic converter to filter exhaust pollutants — a move requiring the introduction of lead-free petrol.

The political twists and turns since then have been bewildering as the Bonn government has sought to come to terms with the technical complexities and with pressures for European-wide agreement in order to prevent trade conflict.

The government has endeavoured to dispel uncertainty and at the same time to meet motor industry requirements with a new set of decisions in mid-September, but whether this will really be the last word remains to be seen.

According to the latest decisions, Bonn intends to introduce stringent U.S. emission controls in stages, applying them to larger cars from January 1, 1988, and to all cars from the beginning of 1989. It will introduce financial inducements to encourage motorists to buy cars equipped with catalytic converters earlier than these deadlines.

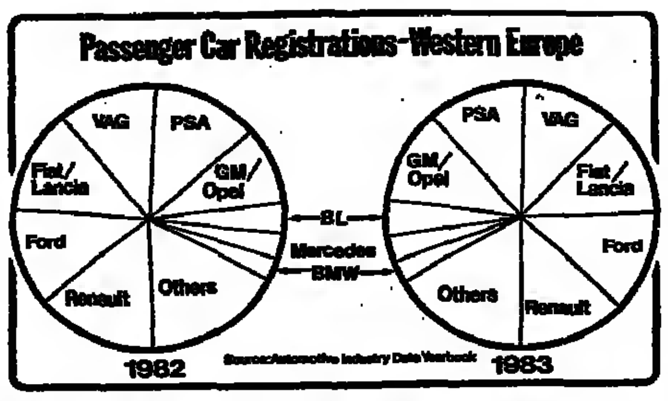
The financial incentives—whose form caused much of the political wrangling—are to apply next year, possibly from July 1.

Bonn politicians assert that, if necessary, West Germany will "go it alone" in sticking to its latest deadlines even if other European countries block an EEC-wide agreement. The government hopes, however, that the EEC can be persuaded to bring forward its joint action deadline of 1995 in order to match West Germany's goal, despite the objections of France and Italy.

The West German vehicle manufacturers are relieved that Bonn has retreated from Herr Zimmermann's original target date, which was considered by many to be impractical.

While Daimler-Benz, for one, has expressed dissatisfaction that larger vehicles should be singled out as an earlier target for the new controls, manufacturers have welcomed the new approach as demonstrating more flexibility and realism.

Some manufacturers have been upset lately, however, by calls for the introduction of speed limits on West German autobahns as a further measure to reduce car exhaust emissions and safeguard the environment. Such calls are seen as a blow at the industry's technological prowess as well as another factor likely to cause uncertainty among potential buyers.



West German motor vehicle production

	1982 (January-December)	1983	1983 (January-August)	1984
Cars	3,761,436	3,877,640	2,504,938	2,314,800
Commercial vehicles (including trucks)	301,229	292,910	178,932	158,100
Total	4,062,665	4,170,550	2,683,870	2,472,900

In the wake of the labour dispute in May and June, the car industry has reconciled itself to a setback in this year's performance in terms of production, domestic registrations and exports. But the shortfall may not be as great as feared at first.

With almost all vehicle assembly at a halt, the industry missed out on production of an estimated 423,000 cars, trucks and other comercial vehicles—about a tenth of annual output. This amounted to lost sales revenue of about DM 10.5bn ($3.4bn).

Measures

Many plants, however, operated during the normal summer holiday shutdown and other measures have also been taken to make up at least some of the lost production. Daimler-Benz, for instance, aims by the end of the year to make up about 40 per cent of its lost car output, aided by capacity at its new Bremen plant.

By the end of August, car production in West Germany was running 7.6 per cent below the first eight months of last year. Production for the whole year is expected to reach between 3.7m and 3.8m, compared with 3.88m last year.

New car registrations up to the end of August were 2.9 per cent below a year ago and are thought likely, by the end of the year, to be just trailing last year's 2.4m total.

Car export markets, particularly the U.S., have been promising this year and the interruption to production was all the more bitter for companies anxious to benefit from the high dollar. In August, the number of vehicles exported was nearly a third higher than a year ago, but exports since the beginning of the year were still trailing 5 per cent behind last year.

While Japanese car makers have increased their sales in West Germany this year, local manufacturers are confident that the Japanese market share—inflated by the effects of the strike—will fall back by the end of the year. Up to the end of August, the Japanese had gained a 12.5 per cent market share, compared with 10.6 per cent for the whole of last year.

Concern about international competitiveness induced the West German car makers to stand firm in this year's labour dispute despite the heavy immediate costs. IG Metall, the metalworkers' union, settled in the end for an average working week of 38.5 hours, compared with its original demand of a cut in the working week from 40 to 35 hours.

The shorter working week is to come into force in April next year, although Volkswagen—which has a separate union contract—is granting shorter hours in the form of nine extra days off a year, starting from January 1.

Some car companies have been quick to draw up plans for recruiting more workers, in view of expansion plans as well as the imminence of shorter hours.

Daimler Benz, for instance, announced that it was taking on a further 2,000 workers in the second half of this year, in addition to a similar number of recruitments in the first half. Volkswagen and its Audi subsidiary have also been preparing plans for major recruitment of workers.

BMW, whose early reaction to the shorter working hours agreement was to stress the need for further automation, is pressing ahead with construction of its new plant at Regensburg.

At Bremen, Daimler-Benz has invested DM1.1bn in the last four years to build up a second major car assembly plant in addition to Sindelfingen near Stuttgart. Since the beginning of the year, the company has been steadily expanding its output of the 190-series "compact" class at Bremen, which is also produced in a parallel operation at Sindelfingen.

While VW has been basking in the continued success of its new Golf—of which it has produced more than half a million since June last year—Opel has been gearing up for a new assault on market shares with the recent launch of its new Kadett. With an investment of DM 1.5bn in the project, the General Motors subsidiary has mounted a new challenge to such rivals as VW and Ford in Europe.

In the U.S., VW is gearing up meanwhile to launch its new Golf on the market in November, after steadily expanding production of the car there. Like most West German car makers it has been looking to the U.S. for a hefty boost to its earnings this year.

Porsche, which sells nearly half its output in the U.S., has launched its independent U.S. importing and distribution unit after severing its joint arrangement with VW's Audi subsidiary. With production strained to capacity, Porsche is also pressing ahead with investment to enable it to lift output.

The West German commercial vehicle sector, which has suffered from recession and less favourable export markets in recent years, generally remains in low gear.

John Davies

Auto manufacturers compared

Figures in thousands

	1979 Total vehicles	1979 Share (%)	1980 Total vehicles	1980 Share (%)	1981 Total vehicles	1981 Share (%)	1982 Total vehicles	1982 Share (%)
GM and subsidiaries	8,993	21.4	7,101	18.3	6,762	18.0	6,244	17.1
Ford and subsidiaries	5,810	13.8	4,328	11.1	4,313	11.4	4,255	11.7
Chrysler and subsidiaries	1,796	4.3	1,225	3.2	1,283	3.4	1,182	3.2
Total	16,599	39.5	12,654	32.6	12,358	32.8	11,681	32.0
VW and subsidiaries	2,542	6.1	2,574	6.6	2,246	6.0	2,130	5.8
Renault and subsidiaries	1,899	4.5	2,054	5.3	1,812	4.8	1,967	5.4
Peugeot and subsidiaries	2,002	4.8	1,647	4.2	1,485	3.9	1,424	3.9
Fiat and subsidiaries	2,399	5.7	2,397	6.2	1,988	5.3	2,046	5.6
Toyota	2,996	7.1	3,293	8.5	3,220	8.5	3,145	8.6
Japan total	9,636	22.9	11,043	28.4	11,180	29.7	10,732	29.5
Others	6,943	16.5	6,466	16.7	6,589	17.5	6,480	17.8
World total	42,020	100.0	38,835	100.0	37,658	100.0	36,460	100.0

Sources: JAMA for Japan; annual reports for each company.
Notes: 1. Production figures for the three U.S. manufacturers are ex-factory number of vehicles. 2. Japan figures exclude KD sets.

Pulling out of recession

BRAZIL'S VEHICLE manufacturing industry is slowly pulling out of the worst recession it has ever known: a recession which has set the industry back ten years in terms of output, and cost the multinationals which dominate the sector hundreds of millions of dollars in balance sheet losses.

In 1979, when domestic sales reached their all-time peak of just over a million, Brazil was ranked ninth in the world manufacturing league. It was level pegging with Spain and Canada and on a rising curve. Two years later came the great collapse. At a time when the "big four" car makers were investing heavily in new models and production facilities, sales plummeted by 40 per cent.

Instead of folding under the impact of such a blow, however, Brazilian vehicle manufacturers have picked themselves up off the floor and climbed back into the ring.

Domestic sales of cars and pick-ups in fact remain depressed and the industry's forecast for this year is for a slight decline on last year's 629,000. But booming exports have saved the day, avoiding heavier lay-offs and restoring some respectability to balance sheets.

Truck sales, although still a long way below their 1980 peak of 157,000 units, are, in contrast, enjoying a much stronger than expected recovery.

The industry's ability to sustain three successive years in the red is also a clear comment on the faith of the manufacturers in the long-term potential of the Brazilian market. Belief in Brazil's suitability as a manufacturing base for exports as well is, if anything, even stronger than before the country's debt crisis.

Total vehicle exports rose by 19 per cent between January and September, compared with the same period last year, earning the industry just under US$1.2bn. Vehicle components, notably engines, probably added another third.

Brazil

Measuring output in per *capita terms illustrates* dramatically how much room there is for growth in the Brazilian domestic market, provided purchasing power can be increased. In 1981 — the last year for which comparative statistics are available — output per capita was 0.6 per cent in Brazil, 2.6 per cent in Spain and 6.4 per cent in France. On this method of calculation, even Yugoslavia produces twice as many vehicles as Brazil.

The Brazilian industry was envisaged after the war as a three tier edifice. At the bottom the state was to be responsible for most of the basic inputs, in the middle the components sector would be dominated by privately-owned Brazilian companies, while at the top the multinationals were left with an oligopolistic control of the finished product.

Final manufacturing has in recent years settled into a pattern which is unlikely to be significantly altered in the foreseeable future. Two European companies (Volkswagen and Fiat) compete head on in all segments of the passenger car market with two U.S. companies (Ford and General Motors).

The Japanese have been virtually excluded from the Brazilian industry. Their participation is limited to the manufacture of light pick-ups and motor-cycles.

As for ownership of the major producers, Ford and GM are both 100 per cent subsidiaries of their U.S. parents, while Fiat and VW do Brasil have opted for minority local partners — the Minas Gerais state government for the former and a Brazilian holding company for the West German car maker. In addition, the Kuwait Government holds a 10 per cent stake in VW do Brazil.

However, the existence of a settled cartel of car manufacturers operating behind high protectionist barriers should not suggest that the fortunate four face an easy life. On the contrary, competition for market share is fierce.

Andrew Whitley

Europe's ten best-selling cars

	Austria	Belgium	Denmark	Eire	Finland	France	Germany	Italy	Netherlands	Norway*	Sweden	Switzerland	UK	Spain	TOTALS
VW Golf	[illegible]	[illegible]	1,457	NK	[illegible]	[illegible]	[illegible]	51,000	[illegible]	[illegible]	[illegible]	[illegible]	25,704	—	442,293
Ford Escort	9,394	[illegible]	[illegible]	[illegible]	4,353	[illegible]	[illegible]	[illegible]	[illegible]	3,726	[illegible]	[illegible]	174,190	30,031	433,793
Opel Kadett	24,112	16,925	8,229	3,563	4,684	18,945	189,993	13,405	35,162	2,886	7,873	12,687	62,570	—	390,375
Ford Sierra	7,336	7,876	7,083	3,048	2,518	37,155	[illegible]	11,200	12,109	5,997	6,052	9,967	159,119	—	[illegible]
Renault R5	—	[illegible]	—	NK	29	213,395	17,081	47,700	7,494	457	[illegible]	3,774	15,981	41,879	355,921
Opel Ascona	12,574	9,447	3,582	2,228	3,295	21,627	117,782	16,090	14,668	5,108	5,262	8,290	127,504	—	347,457
Ford Fiesta	2,670	8,654	2,715	5,683	2,273	45,022	66,920	33,100	8,174	2,947	3,467	NK	119,602	32,239	333,466
Fiat Uno	3,192	5,154	1,235	—	1,234	31,644	18,260	245,000	5,412	401	797	3,120	—	—	305,449
Renault R9	2,960	6,971	—	1,800	577	26,805	26,822	167,000	8,745	914	—	2,833	15,540	46,446	292,149
Fiat [illegible]	5,559	5,827	[illegible]	1,998	2,095	[illegible]	[illegible]	49,300	6,361	—	1,724	[illegible]	—	965	255,259

* 11 months

Source: Automotive Industry Data Yearbook

European passenger car production

	1983	% Of total	1982	% Of total	% Change '83 on '82
Renault	1,639,405	15.47	1,491,853	15.25	+ 9.9
PSA	1,441,192	13.60	1,341,507	13.71	+ 7.5
VW-Audi	1,384,663	13.06	1,387,512	14.18	− 0.2
Ford	1,339,524	12.64	1,278,353	13.07	+ 4.8
GM-Opel	1,307,354	12.33	1,085,937	11.10	+20.4
Fiat Lancia	1,157,830	10.92	1,071,356	10.95	+ 8.1
Mercedes	483,359	4.56	465,503	4.76	+ 3.8
BL	473,341	4.47	405,116	4.14	+16.8
BMW	407,507	3.84	362,607	3.71	+12.4
Volvo	353,690	3.34	301,851	3.08	+17.2
SEAT	223,887	2.11	240,005	2.45	− 6.7
Alfa Romeo	206,926	1.95	188,773	1.93	+ 9.6
Saab	96,012	0.91	83,556	0.85	+14.9
Porsche	48,288	0.46	36,339	0.37	+32.9
Innocenti	13,688	0.13	21,646	0.22	−36.8
Bertone	6,605	0.06	7,439	0.08	−11.2
Maserati	5,333	0.05	2,265	0.02	+135
Pininfarina	2,522	0.02	3,456	0.04	−17.0
Ferrari	2,366	0.02	2,223	0.02	+ 6.4
Rolls-Royce	1,568	0.01	2,489	0.03	−37.0
Lotus	642	0.01	572	0.01	+12.2
TVR	291	—	121	—	+140
Lamborghini	184	—	110	—	+67.3
Aston Martin	155	—	134	—	+15.7
Reliant	105	—	87	—	+20.7
De Tomaso	77	—	83	—	− 7.2
Others	2,794	0.04	3,621	0.03	−22.8
Totals	10,600,037	100	9,784,504	100	+ 8.3

Source: Automotive Industry Data Yearbook

Export drive stepped up by all-Spanish car

Spain

THE NEW car that Seat, the state-controlled Spanish manufacturer, launched in August does not appear too different in a world of look-alike small saloons, but it is a landmark for Spain.

The Ibiza, which fills an intermediary space in the Seat's small car range, is the first genuinely Spanish production-line model that the country's motor industry has come up with since it began making cars 30 years ago. That is to say, it is as wholly a Spanish car as any car today is wholly anything.

Porsche has contributed to the engine and Karmann to the bodywork, but it is essentially a Spanish original.

The launching marks a new development in an industry that has already overtaken Britain's in terms of units produced. Since late last year, when it joined battle with its former partner, Fiat of Italy, for the right to export its Fiat-derived Ronda saloon independently, Seat has embarked on the first Spanish car export campaign that falls outside the strategies of major U.S. or European producers which have simply chosen Spain as an economical manufacturing base.

With its new model Seat, which also this year started producing its version of the Volkswagen Polo under its 1982 agreement with the West German group, has thrown fuel on the fire of controversy in Britain about sales of Spanish-made cars.

The wrath of British unions over the present disparity in import tariffs—4.4 per cent on imports of Spanish cars against a 36.7 per cent tax which Spain levies on all but a small quota of cars from the EEC—has already built up since General Motors began exporting its Corsa model to be sold in the UK as the Vauxhall Nova last year.

In the first half of this year, largely because of General Motors, whose plant at Saragossa is very much geared to the export market, Spanish vehicle exports to the UK more than doubled from the same 1983 period to £160m.

Now Seat is aiming to export two-thirds of the production of its new model, of which it hopes to be making 150,000 a year by the end of next year, and another model, the Malaga, is on the way.

Losses

Seat, the only Spanish-owned company among the country's six resident car manufacturers, is counting on its new models, including its Volkswagen models, to pull itself out of losses, which last year reached a record Pta 35.7bn (£168m), the biggest of any Spanish industrial concern. A new funding programme has been drawn up for the next few years to reinforce the company's capital base and cover depreciation while it trims its workforce—due to be reduced to 20,000 in 1989 compared with 31,000 three years ago—and automates its production processes.

Like the other companies — GM, Ford, Renault, and the sister manufacturers Citroen and Talbot—Seat has to count on exports to compensate for a weak home market. In the first half of this year almost 60 per cent of Spanish car sales, by units, were exports, compared with less than 30 per cent seven years ago.

Since 1977, Spanish car exports have more than doubled, while domestic sales have fallen back by 30 per cent. But on the other hand Spain's European markets are showing their limits. Export growth has decelerated sharply this year. After increasing by 29.5 per cent last year, the rise in the first half was 4 per cent, barely enough to keep production stable.

On the domestic market, meanwhile, the slight recovery noted in 1982 and 1983 has run out of steam with a 4 per cent drop in the first six months—a loss in sales to the car companies of some Pta 5bn (£23.5m) compared with the same period last year. This has led to extra caution and delay in price increases.

Spanish production

(First Six Months, 1984)

	Production (units)	Per cent change	Domestic sales	Per cent change	Exports	Per cent change
Passenger cars	607,433	+0.6	240,834	−2.7	358,176	+4.1
Talbot	44,366	+43.5	32,585	+25.9	10,831	+238.2
Citroen	51,702	−10.4	19,562	−8.3	27,513	−20.6
Renault	127,280	−18.5	75,944	−9.8	56,631	−45.7
Ford	139,652	+11.4	35,684	+12.4	96,126	+4.6
Gen. Motors	128,484	+17.8	17,598	−13.3	111,602	+27.2
Seat	115,949	−1.6	58,461	−10.6	73,479	+54.6
Commercial vehicles incl. buses	68,061	−17.2	46,688	−5.0	16,577	−18.4
Farm tractors	7,532	+0.8	4,362	−3.1	2,772	+10.8

Source: Spanish Association of Motor Manufacturers (ANFAC)

Seat, the company whose little 600 model, which it produced for 17 years, epitomised for the majority of Spaniards the coming of the automobile age, is now fighting to prop up its position in this market. Its domestic market share has dropped to under 25 per cent as its production has been overtaken by Renault, Ford and most recently GM.

To defend itself, in a country which more than anywhere else in Europe has its production concentrated at the small-car end of the range, it has taken the risk of an overlap between its own protypes and its Fiat-derived and Volkswagen-based models.

The biggest recent success, on both home and exports markets, has been Talbot, thanks to production in Spain of the Peugeot 205. Renault, which has suffered a sharp drop in sales of its classic R5, stands to recover ground when its new R5 is launched in Spain. With the government pursuing a tough fiscal policy, a fierce battle is in the offing.

The only consolation for the car business is that the rest of Spain's motor industry is faring much worse. The previously buoyant sector of saloon-derived light vans has joined the general decline, with drops in output, home sales and exports in the first half of the year.

The build-up of production of the Nissan Patrol—Spain's first Japanese vehicle—has kept domestic sales of four-wheel-drive vehicles on the rise. But sales of Spanish-produced Land Rovers have fallen off and production figures this year are sharply down.

Signs

In the rest of the industry, all the signs point downwards. Production of vans in the first half was 3 per cent less than in the same period last year. For buses the figure was 27 per cent, for light trucks 30 per cent, and for heavy lorries 46 per cent.

The decline of sales on the home market for Spanish-made vans, trucks and buses ranges up to 27 per cent in the case of light lorries. And the fall-off in export figures starts at 29 per cent for buses and goes up to 71 per cent for heavy lorries.

In this category Spanish exports this year are running 68 per cent lower than the level of 10 years ago, and sales within Spain 79 per cent lower. The motor manufacturers' association, Anfac, chooses its words carefully when it labels the trend "massively negative."

David White

Set for continued prosperity

MOST OF the Italian motor industry looks healthy and well-set to continue prospering in the next few years. There is little trouble with the unions. Italian car makers' share of their home market continues to rise, amounting to no less than 64.3 per cent for the first six months of this year—a proportion unmatched anywhere else on the Continent.

Of this Fiat and its offshoots alone held 55.2 per cent. And the Italian company is once again the best-selling make in Europe, with a slightly increased 13.2 per cent share in tha first half of this year.

Of Italy's total car output of 1,297,350 cars in 1982, some 1,134,000, or 87 per cent, were made by Fiat and its subsidiaries Lancia, Autobianchi and Ferrari. The Fiat group's share of Italy's 1983 output of 1,395,520 cars was marginally higher at 1,225,000.

Italian car production in the first six months of this year was np 13.4 per cent compared with the first half of 1982 at 829,340 cars.

Fiet's position in Italy has no comparison in any other European country. This also explains why the recovery of Fiat, which dates from the beginning of tha decade, is a crucial fact not only for the country's motor industry but also for the whole of Italian industry.

It is a performance which the only other major Italian car manufacturer, Alfa Romeo, has tried to emulate, but without achieving the same obvious success as Fiat. Nevertheless, Alfa Romeo's financial and productivity performances do show an improvement.

Tha recovery of Fiat began when the company succeeded in taming its workforce after an unsuccessful strike in 1980. It secured the right to lay off almost as many workers as it wanted, and won a psychological victory of such importance that levels of absenteeism in the Fiat plants dropped from about 15 per cent to a steady and acceptable four per cent.

With the right to manage finally asserted, after the chaotic, terrorist-ridden days of the 1970s, the company felt able to go ahead with a L 2,900bn ($1.5bn) programme of investment in automated equipment in the factories, which has raised the number of cars produced per employee per year from 14.5 to 25.

At the same time drives for efficiency in othar parts of tha car-making business—especially in the purchase of components —have succeeded in cutting the company's breakeven point on carmaking from about 1.5m to 1m cars a year.

Fiat auto has also retreated from manufacturing and assembly in parts of the world which it judged peripheral to its survival plan—pulling out of Spain by cutting its ties there with Seat, removing the Fiat name from the U.S. market, and scaling down its presence in South America. Brazil, on which heavy investment has been lavished, is now Fiat's main car production centre outside Italy, and one which supplies sectors of the Italian market itself.

Such a policy of withdrawals from overseas operations would have been more painful were it not that Fiat has a very strong position in its home market—where it is virtually unchallenged by Japanese manufacturers (imports are restricted to 2,500 cars a year) and where the next biggest-selling manufacturer, Renault, has only 8.9 per cent of the market.

Italy

Fiat's recovery in the 1980s has set the tone for the entire industry. The car makers' share of their home market—now 64 per cent—continues to rise.

Fiat crowned its return to health by introducing a range of new models, of which by far the most important is the Fiat Uno super-Mini, which was an immediate success when it came on to the market in 1983. No fewer than 183,800 Unos were registered in Italy alone in the first half of this year, and the model has been well received in other markets, being voted the 1984 car of the year by a panel of motoring journalists.

To the Uno Fiat has added the Regata, to replace the 131, and Fiat is soon to introduce a new larger car.

In financial terms, Fiat Auto only went into profit in 1983, and then by only L80bn on sales of about L11,000bn. Profitability might have been achieved earlier but for the losses and heavy cost of closures in Latin America, but to be fully convincing Fiat auto will have to produce something better than a 1 per cent margin of profitability on turnover. The indications are, however, that Fiat Auto is baving a good year in 1984, increasing its share of the rising Italian market and of those of France, West Germany and Belgium.

The improvement of Fiat Auto has helped the Fiat group strengthen its own financial position, doubling its net profits last year, and cutting its net debt substantially in the past three years. Nevertheless, the Fiat group as a whole has suffered in the past few years from the weak performance of Iveco, its industrial vehicles subsidiary, which plunged into loss last year and had a management shake-up in the spring, while Fiatallis, which makes earthmoving equipment, is only this year beginning to recover slightly from a series of very bad years.

On the other hand, Fiat Trattori, which makes tractors, remains profitable, and sells more tractors than any other European manufacturer.

If Fiat Auto is doing well, the picture is less glittering at Alfa Romeo, even though considerable progress has been made in the past three years. Like Fiat, the state-owned company, part of the IRI-Finmeccanica group, has succeeded in cutting its labour force and is making investments in new equipment. It has largely re-equipped its plant at Pomigliano d'Arco near Naples, even though this plant started operating only in 1972.

Alfa Romeo too is bringing out a stream of new models. The latest is the Alfa 90, a large car to succeed both the Alfetta and the Giulietta which goes on sale in the New Year. It retains many of the looks of the Alfetta. Last year, Alfa brought out both the Alfa 33 and the Arna. The Alfa 33 is slightly bigger than the Alfa Sud which it replaces, but in Britain, in particular, it has not been thought to fall into any clearly-defined category of car, and has had disappointing sales there.

The Arna is the fruit of Alfa's once-controversial collaboration with Nissan of Japan, the first intrusion into Italy of a Japanese manufacturer — but on a very modest scale. Body panels are shipped from Japan and welded at a jointly-owned Alfa-Nissan plant at Avellino before being taken to Pomigliano d'Arco for final assembly. The Arna is called the Nissan Cherry elsewhere in Europe.

Alfa Romeo Spa, the parent company of Alfa Auto, cut its losses sharply last year to L28.5bn from L72.8bn on sales of L2,650bn. Normally, Alfa Auto accounts for about three-quarters of losses, but the company has yet to give any details of Alfa Auto's performance last year.

But the company does not demonstrate great optimism about becoming strongly profitable in the near future. One of its basic problems is that the sector of the market for which it is aiming is too small ever to allow it really profitable volume levels.

Nevertheless, Alfa Romeo did succeed in pushing up its share of the Italian market to 7.6 per cent from 6.2 per cent in the first half of this year, and sold 71,455 cars in Italy in the first six months compared with 55,900 in the same period of 1983.

Nuova Innocenti, the country's third volume car maker, sold only 10,660 cars in the first six months of 1984, though this was proportionately a sharp improvement on the 7,500 cars sold in the corresponding period of 1983. The company, which is majority owned by Sig. Alejandro de Tomaso, with a participation held by tha Italian state-owned holding company GEPI, survives mainly thanks to another factor: it assembles and makes the bodywork for Maserati, which is also under Sig. de Tomaso's management.

Maserati has had outstanding success with it Biturbo fast two-door (and now four-door) car, and is booming. The Argentinian-born entrepreneur has now taken up an option to buy out the 81 per cent of Maserati which was held by the GEPI (for, it is understood, only L6bn) and Chrysler of the U.S. recently took 5 per cent of it (the remaining 14 per cent was already held by Sig de Tomaso).

Chrysler is expected to import Biturbos into the U.S., starting with 3,500 cars in the first year.

James Buxton